21 ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

PACIFIC EDGE LTD

CANCER DIAGNOSTICS COMPANY

THIS HAS BEEN A YEAR OF ACHIEVEMENT AND DELIVERY OF COMMERCIAL MILESTONES FOR PACIFIC EDGE. WE ARE NOW WELL POSITIONED TO LEVERAGE OUR PLATFORM AND GROW OUR BUSINESS.

The Board of Directors of Pacific Edge Limited is pleased to present the Annual Report and Financial Statements for the year ended 31 March 2021 (FY21). This provides a review of our performance during the year and our focus for the year ahead.

Our aim is to provide easily understood, transparent and engaging disclosures for our shareholders that describe our business, what we do and why.

You can read this report online at https://www.pacificedgedx.com/investors/shareholder-reports/.

Signed on behalf of the Board by:

Chris Gallaher
Chairman

David Darling
Chief Executive Officer

PROGRESS IN FY21

Pacific Edge has reported accelerating revenue growth in its key markets as it starts to benefit from the major commercial milestones achieved in FY21, despite the ongoing challenges and headwinds of Covid-19 experienced throughout the year.

COMMERCIAL MILESTONES

- Coverage by the Centres for Medicare and Medicaid Services (CMS) for Cxbladder Detect and Cxbladder Monitor at the national CMS price of US$760 per test. Nine month contribution from the CMS reflected in FY21 result
- Commercial agreement with Kaiser Permanente. Uptake commenced initially with Cxbladder Monitor in late Q3 and volumes are growing. Anticipated timeline for uptake pushed out due to Covid-19, driven by internal resource allocations and restricted access to clinics for patients
- Publication of additional clinical evidence highlighting the clinical utility of Cxbladder
- Scale up of US sales operations and senior leadership team to accelerate revenue growth, with positive benefits starting to flow through in late Q4 FY21
- Placement of ordinary shares to raise $22 million of additional growth capital
- Inclusion in S&P/NZX 50 Index.

Positive results from the scale-up of US commercial operations are now starting to be seen, with record growth in test volumes and US cash receipts recorded in March FY21 and FY22 year to date.

FINANCIAL SNAPSHOT

- Strong growth in operating revenue and cash reimbursement from July 2020 driven by CMS coverage and growing commercial adoption of Cxbladder
- Total revenue increased 101% to $10.4m
- Operating revenue from test sales up 76% to $7.7m
- Cash receipts from customers increased 52% on pcp to $6.7m
- Total operating expenses increased 2% on pcp to $24.7m
- Significant reduction in Net Loss, down 25% to $(14.2)m
- Strengthened balance sheet following $22m placement to ANZ NZ Investments in July 2020
- Net cash, cash equivalents and short-term deposits increased 56% to $23.1m as at 31 March 2021

TEST VOLUMES

Total Laboratory Throughput (TLT)

- TLT decreased 6% on pcp to 15,814 tests
  - Rest of World TLT up 9% to 3,956 tests
  - US TLT down 10% to 11,858 tests
  - 57% of TLT occurred over 2H21

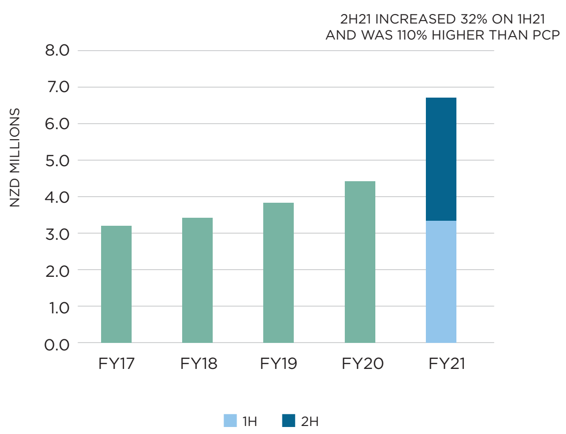
Record month in March 2021 (69% higher than FY21 11-month average)

Commercial Tests (CT)

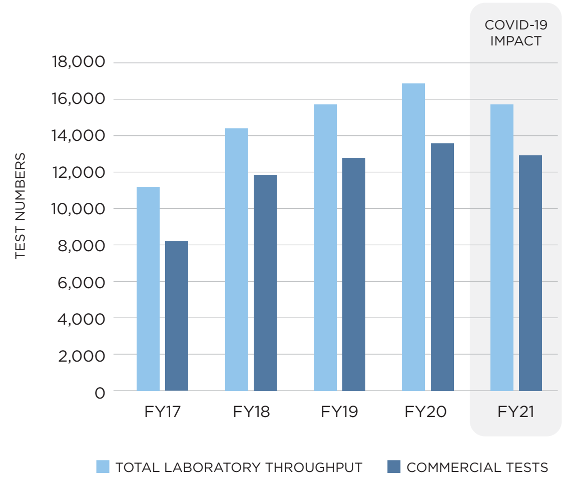
- Total CT down 5% on pcp to 12,976 tests
  - Rest of World CT up 25% to 3,264 tests
  - US CT down 12% on pcp to 9,712 tests

Record month in March 2021 (58% higher than FY21 11-month average)

TOTAL OPERATING REVENUE



TEST VOLUMES



CHAIRMAN'S REPORT

FY21 was a year of achievement for Pacific Edge with two significant milestones being attained.

We have been pleased with our progress during a year that will be remembered for the unforeseen challenges created by the Covid-19 pandemic which impacted all aspects of our business.

Like many businesses and communities around the world, our people rallied around to support our customers, patients and each other. They went above and beyond to ensure our Cxbladder tests were accessible to patients in an environment where access to urologists and testing was at best restricted, and at times, not possible.

Bladder cancer is one of the most expensive diseases to treat due to its high recurrence. By detecting the disease early, the ability for urologists to diagnose and manage bladder cancer is increased significantly. It was in the restrictive pandemic environment that the value of Pacific Edge's Patient In-Home Sample System became evident, providing a simple and effective way for patients to provide a urine sample to our laboratories and ensuring that patient health was not compromised.

Pacific Edge's sales team also adapted quickly to the new environment, moving to virtual sales channels as access to clinics and face to face meetings with urologists were prohibited. While our laboratory staff already work in a highly regulated workplace, health and safety protocols became ever more important during the pandemic months. Our support staff and executive team also responded to the challenges, continuing to deliver on commercial milestones and growing the business, despite the impact of the pandemic throughout the year.

On behalf of the Board, our thanks go to all our people who remain committed to enabling better diagnosis and management of bladder cancer for people around the world.

Delivering on our Strategy

It was particularly pleasing in this pandemic environment to be able to report revenue growth in FY21, as we continue to commercialise our Cxbladder tests, particularly in the US market.

The major highlights of the year were the commercial agreement with Kaiser Permanente and gaining coverage from the Centers for Medicare and Medicaid Services (CMS) for Cxbladder Monitor and Detect, at the national price of US$760 per test.

Our largest market, and the largest investment of our capital and resources, remains the US. We are well positioned to capitalise on the milestones achieved and progressively scaled up our US commercial operations during the second half of the year, expanding and strengthening the sales and leadership teams.

We have also strengthened our executive team in both New Zealand and the US to support Pacific Edge's global growth aspirations.

Our vision remains for Cxbladder to become the most trusted and preferred diagnostic test for the detection and management of urothelial cancer. Our commercial priority remains on growing adoption and reimbursement of Cxbladder by Medicare (the CMS), the Veterans Administration, Kaiser Permanente and other large healthcare institutions and private payers in the US.

We have a very strong competitive advantage in our validated suite of Cxbladder products – the time and resources it would take to develop a better test than Cxbladder gives Pacific Edge its key competitive advantage.

Our strong financial results in FY21 reflect the key events of the year – the achievement of significant commercial milestones and the ramp up in momentum, albeit at a slower pace due to Covid-19 than could have otherwise been expected in a 'normal' operating environment.

We delivered strong growth in operating revenue and operating cashflow, a reduction in our net loss and a significantly strengthened balance sheet. The $22m placement to ANZ New Zealand Investments in July 2020 was a positive endorsement of our strategy and provided the capacity to scale up our US commercial operations.

Welcoming new Directors

We continued to progress our Board rejuvenation which has seen two new Directors appointed during the year – Anna Stove in March 2021 and Mark Green in May 2021 after year-end. Both have skills, experience and capabilities which bring strength to our Board and they have already provided valuable insights in the short time they have been a part of our company. Anna and Mark will be standing for election by shareholders at our upcoming shareholder meeting and you will have an opportunity to hear from them at that time.

We also farewelled David Levison from the Board in November 2020 when he agreed to move into the role of Executive Chairman, PEDUSA.

I would like to thank all our Board members who have served during the year for their counsel and support. I would also like to thank and acknowledge the efforts of our staff who have coped remarkably well during a very difficult year and in a testing operating environment.

Positioned for growth

We have a strong outlook for FY22 and beyond and are well positioned to capitalise on the opportunities available to the company. Growth initiatives are being deployed in all Pacific Edge's target markets, with the US remaining the primary focus.

Peer reviewed and published clinical evidence continues to support the outperformance of our Cxbladder tests and a growing number of urologists and healthcare organisations are adopting and using our tests. Momentum is building and we now have the catalysts in place to advance our positioning as the preferred diagnostic test for detecting and managing bladder cancer globally.

We are focussed on building scale as quicky as possible to deliver revenue growth and value creation for our shareholders in FY22 and beyond. It has been pleasing to have our efforts recognised with a significant increase in our share price over the 12 months and inclusion in the S&P/NZX 50 index.

We look forward to providing a further update on our progress at our annual meeting on 29 July 2021 (which will be held in Dunedin and accessible online) to which all shareholders are cordially invited.

Chris Gallaher
Chairman

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

CHIEF EXECUTIVE OFFICER'S REPORT

"We are now seeing the benefits and monetisation from the significant effort and investment that has gone into commercialising Cxbladder and we believe this is just the start of a strong growth trajectory for our company."

We are now well positioned to realise the rewards of our long term growth strategy and vision, as significant commercial milestones achieved during the year provide the platform for escalating adoption and use of our Cxbladder tests.

We delivered a strong financial result in FY21 with a lift in momentum in our target markets, despite the impact that Covid-19 had on our business throughout the year.

The strong result included growth in operating revenue and operating cashflow, a reduction in our net loss and a significantly strengthened balance sheet, which supported the scale up of our US commercial operations.

The company continues its focus on leveraging the key commercial milestones achieved during the year, particularly reimbursement coverage from the CMS from 1 July 2020 and commercial agreement with Kaiser Permanente, one of the largest integrated healthcare organisations in the US.

Achieving these commercial milestones has had, and is expected to continue to have, a significant positive impact on the company's financial position and is also paving the way for the expansion of Cxbladder's reimbursement coverage with other private payers in the US. This has been highlighted by the recent coverage decisions from Facey Medical Group and United Healthcare, announced after year-end.

Commercial operations in the US have been scaled up with an expanded sales team and a strengthened commercial leadership team. The value of this investment is now starting to be seen with record test volumes and US cash receipts recorded in March 2021. These results have been achieved despite the ongoing stay at home restrictions impacting patient access to medical centres in most US states.

Covid-19 has also impacted the speed of the rollout across the Kaiser Permanente network as California has been swamped with successive waves of new outbreaks. However, test demand from Kaiser Permanente is progressing as restrictions begin to ease and patient access to medical centres improves.

Kaiser Permanente has commenced with commercial use of Cxbladder Monitor for monitoring their bladder cancer patients for recurrence of the disease and recently announced it intended to commence the commercial use of a second product, Cxbladder Triage, from early July 2021. This is a great endorsement of our products and services from a leading healthcare provider.

Outside the US, the New Zealand business continued to grow strongly in FY21, despite the pandemic disruptions which particularly impacted Q1 FY21. Southeast Asia and Australia are both at an early stage in their commercial uptake, with completion of clinical trials in Singapore also delayed due to Covid-19. Progress is now continuing and the goal remains to transition the public healthcare providers in these markets from their User Programme clinical trials to become commercial customers.

Pacific Edge is playing a key role in the management of Kaiser Permanente's patients who have been scheduled for Cxbladder as part of their management regime. Pacific Edge's In-Home Sample System makes it easy for physicians and patients, with Pacific Edge managing the collection and analysis of samples.

FY21 Financial Performance

The FY21 result included a nine month contribution from the CMS. We delivered improvements in all key financial metrics, with a small increase in operating expenses as expected. This was a pleasing outcome in a challenging operational environment that has adversely affected many companies.

Total revenue increased 101% to $10.4m, with operating revenue from test sales up 76% to $7.7m. Cash receipts from customers increased 52% on the prior year to $6.7m, with total operating expenses up 2% to $24.7m. Both operating revenue and cash receipts benefited from reimbursement coverage by the CMS for Cxbladder Detect and Cxbladder Monitor from 1 July 2020.

Pacific Edge reported a net loss after tax of $(14.2)m, an improvement of 25% on the prior year. As at 31 March 2021, net cash, cash equivalents and short-term deposits increased 56% to $23.1m.

Further details on our financial performance and test volumes can be read in the Financial Commentary section on pages 20 to 21 of this report.

Platform from which to drive growth

We are well positioned to capitalise on the opportunities available to the company as a result of our strong balance sheet, a proven team of people and a very strong competitive advantage from our validated suite of Cxbladder products.

There are a number of catalysts that we believe will drive our growth over the next few years, including:

- Scaled up US commercial operations providing capacity and resource to drive revenue growth
- An expected ramp up in demand from Kaiser Permanente
- Commercial agreements with other healthcare institutions of scale
- Expansion of reimbursement coverage with other private payers in the US
- Publication of additional clinical evidence supporting additional US guideline inclusion and greater adoption of Cxbladder
- Publication of the increased advantages from using multiple Cxbladder products in clinical evaluation of haematuria to support adoption

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

- US commercial launch to be initiated with key customers for the fourth Cxbladder test (Cxbladder Resolve).

The US Market

The US market offers an addressable market size of more than US$3.5 billion and remains our primary focus.

To support our growth, in November 2020 we strengthened our leadership team with David Levison stepping down from the Board and taking up the role as Executive Chairman PEDUSA. David has spent 25 years in the healthcare industry, working across a range of sectors from pharmaceuticals to services and diagnostics. Having founded and led several high growth medical and medical technology businesses in the US, he is acutely aware of the challenges and opportunities we face in growing our business in the US market.

During the last quarter of FY21, we scaled up our US commercial operations to provide the capacity and resource to drive growth opportunities and leverage milestone achievements. As part of this, we also bolstered our clinical and customer liaison resources and have a dedicated team of reimbursement specialists to carry out negotiations with the targeted private payers to gain coverage and reimbursement where needed. Positive results from this investment are now starting to be seen.

Despite our successes in the US, this market continues to be dominated by changes in physician and healthcare provider behaviours as they come to grips with the ongoing impact of the Covid-19 pandemic. We look forward to these challenging conditions changing favourably to aid our growth.

Advances in telemedicine look to be providing a new paradigm for healthcare and Cxbladder is well positioned to continue as an integral part in the detection and management of patients with urothelial cancer.

The focus for FY22 is on:

- Growing the commercial adoption of Cxbladder by Kaiser Permanente and other large healthcare organisations
- Targeting of specific customer market segments and utilising patient pull to drive increasing adoption
- Progressing our existing customers to use more than one Cxbladder product
- Further increasing reimbursement coverage from targeted private payers, like United Healthcare
- Achieving stronger guideline inclusion language following the publication of new clinical evidence further supporting the clinical utility of Cxbladder.

New Zealand

The New Zealand market remains the global leader for the adoption and use of our Cxbladder technology. The business continued to grow strongly in FY21, despite the impact from Covid-19 disruptions, which particularly impacted in Q1 FY21.

The continued adoption and increasing test use by New Zealand public healthcare providers is driving growth and momentum is expected to continue. Currently more than 67% of New Zealand's population are covered through contracts with the public healthcare providers. Our focus remains on bringing the remaining public healthcare providers into contract, expanding the use of Cxbladder tests and increasing the number of Cxbladder products being actively used by existing customers.

Cxbladder products, with their proven clinical utility and performance benefits for physicians and patients, are well positioned for wider adoption under New Zealand's proposed new nationwide health service (Health New Zealand).

Australia and South East Asia

Both South East Asia and Australia are at an earlier stage in the commercial journey, with our goal being to transition the large scale public healthcare providers from clinical trials to a commercial customer model. We have had some early success contracting with private healthcare providers such as the Raffles Medical Group in Singapore and we will be moving to consolidate this early start and grow the opportunity to other private healthcare providers of scale, many of whom have commercial businesses across South East Asia.

The published results from the clinical trials in Singapore will form the basis of Pacific Edge's planned commercial rollout in South East Asia, which is expected over time to become a market of significant scale with an accessible commercial population equivalent to the US.

In Australia, customers have continued their User Programmes during FY21, post-Covid-19 restrictions, with the expectation that on successful conclusion, they will progress to commercial customers.

Positive Outlook

Our recent progress and commercial achievements in FY21 provide a strong foundation for our future growth and we are now starting to see the benefits from the resources that have been invested in the development and commercialisation of our Cxbladder technology. Our people, products, business model and growth strategy are well proven.

Pacific Edge continues to enjoy first-mover advantages. The ability for our suite of Cxbladder products to be used across the entire clinical pathway, the consistent performance of Cxbladder and the ease of transfer of urine samples from the patient to the lab, continue to support our competitive advantage.

We have identified scale opportunities for growth in each of our targeted markets and have deployed resources to capitalise on these.

The focus for FY22 is on growing the commercial adoption of Cxbladder by Kaiser Permanente and other large healthcare organisations, further increasing reimbursement coverage from private payers like United Healthcare, and achieving a positive shift in guideline inclusion and language following the publication of new clinical evidence further supporting the clinical utility of Cxbladder. Our scaled up US commercial operations provide the capacity and resource to drive growth opportunities and positive results from this investment are now starting to be seen.

An increasing number of commercial tests from the CMS, Kaiser Permanente and other scale payers such as United Healthcare are expected to underpin strong revenue and operating cashflow growth in FY22 and beyond.

We are well positioned to capitalise on the growth opportunities available to our company and remain focused on building scale as quickly as possible to deliver ongoing revenue growth and value creation for our shareholders.

I would like to thank all of our staff for standing up and delivering such strong results in an extraordinary year of challenges.

David Darling
Chief Executive Officer

"We have a strong outlook for our company and expect accelerating momentum as we capitalise on our multiple products, the Cxbladder patient in-home sample collection system and exploit the first mover advantage in markets of scale."

PACIFIC EDGE

We specialise in developing and commercialising molecular diagnostic tests that address large unmet needs in the detection and management of cancer.

Our purpose is to enable better care, better clinical decision making and better use of healthcare resources by providing faster, more accurate and less invasive detection and management of cancer.

We have always had a long term vision for our business, as we look to become the most trusted and preferred solution for urothelial cancer detection and management globally.

Our growth strategy is focused on:

- The launch and commercialisation of our suite of Cxbladder tests in our targeted markets around the world
- Sustaining our first mover advantage and becoming the preferred test for detection and management of urothelial cancer
- Growing the adoption of Cxbladder by large scale, institutional healthcare customers for multiple, targeted clinical needs.

DRIVING OUR SUCCESS

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

OUR PRODUCTS

Suite of Cxbladder Tests

Our suite of four Cxbladder tests span the urothelial cancer pathway and address large, unmet needs in the detection and management of cancer. They are non-invasive, highly accurate and enable better care for patients, better utility for urologists and savings for payers.

Intellectual Property

Our molecular diagnostic tests are derived from our extensive genomic database. We compile these biomarkers into gene signatures for various cancers and we evaluate them when they are expresssed in a patient's urine. Our primary focus is on urothelial cancer, including bladder cancer; however we have intellectual property to build similar products in other cancers.

Proprietary Sample Collection System

Pacific Edge has developed a proprietary urine sample collection and buffer system which enables a patient's urine sample to be collected, and the genes preserved, for sending to our laboratories for analysis. Our urine sample system is now available to be sent to patients in their home. Our test kits are manufactured and delivered directly to urologists and patients, on an 'as needed' basis.

Clinical Evidence

The superior performance of our tests is backed up by a portfolio of peer reviewed and published clinical evidence. This drives positive reimbursement decisions, inclusion in clinical guidelines, wide adoption by physicians and patient preference.

Commitment to Quality

As a medical diagnostic company, Pacific Edge must comply with strict regulations regarding the design, development, manufacture and distribution of our products and services. We undergo annual audits internally and with external agencies to confirm compliance with all applicable standards and regulations.

Pacific Edge operates two proprietary molecular diagnostic laboratories. Our laboratory operating facility in NZ is CLIA certified and in the US, it is CLIA certified and CAP accredited. Our most recent recertification audits for CLIA were Oct 2019 for New Zealand and Oct 2020 for the USA. Our business is ISO 9001 accredited and audited by TELARC. The most recent recertification audit took place in November 2020. Our Quality Management System processes provide continuous improvement and are subject to audit of documented policies and procedures. Pacific Edge is a member of the Medical Technology Association of New Zealand (MTANZ) and is a certified advocate of the MTANZ Code of Practice.

Procurement and Supply Chain Logistics

To drive a highly repeatable user experience for our Cxbladder products, we insist on high product quality and safety at every level and our procurement team work closely with our key partner suppliers to ensure consistent high product quality. We proactively monitor our supply chain and have established relationships with multiple alternative suppliers for key materials and reagents. As part of our supplier audits, Pacific Edge ensures that third parties adhere to verifiable quality management systems.

Pacific Edge transports hazardous materials using internationally approved and regulated systems, with defined quantities using mandated packaging materials commensurate with risk.

Research and Development and IP

Our research and development is focussed on delivering products that add value and improve health outcomes. R&D takes place to extend the range and application of molecular diagnostic products for cancer detection, to improve the product performance, repeatability, reproducibility and analytical precision of Cxbladder.

Intellectual property is a key asset underpinning our capability and is important in maintaining Pacific Edge's global leadership position with our molecular diagnostic tests for better detection and management of bladder cancer.

OUR CUSTOMERS

Enabling better care

We work with hundreds of urologists, healthcare providers and healthcare payers in our markets, enabling them to deliver better care for their patients, more efficiently and more effectively.

Partnership approach

We have specialised, dedicated sales teams and customer support teams in our markets, working with healthcare providers to identify the best use of our Cxbladder tests in their clinical setting. Our 'white glove' service manages the patient testing process on behalf of our customers, arranging the collection and analysis of a patient's sample.

Scaling up our Commercial Operations

During the last quarter of FY21, we scaled up our US commercial operations to provide the capacity and resource to drive growth opportunities. We also strengthened our executive team in both New Zealand and the US to support Pacific Edge's global growth aspirations. Positive results from this investment are now starting to be seen.

As at June 2021, we have recruited an additional nine sales representatives in new territories, taking our US sales team to 25.

We have also bolstered our clinical and customer liaison resources and have a dedicated team of reimbursement specialists to carry out negotiations with the targeted private payers to gain coverage and reimbursement where needed.

Our US laboratory has the capacity to process 260,000 tests per annum, which is sufficient to support the expected increase in test demand for some time yet.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

A ROBUST COMMERCIAL PLATFORM

Our global platform

We have experienced teams and commercial operations in New Zealand, Australia, Singapore and the US, with our head office in New Zealand. We own and operate two dedicated, accredited diagnostic laboratories located in New Zealand and in the US.

Financial performance

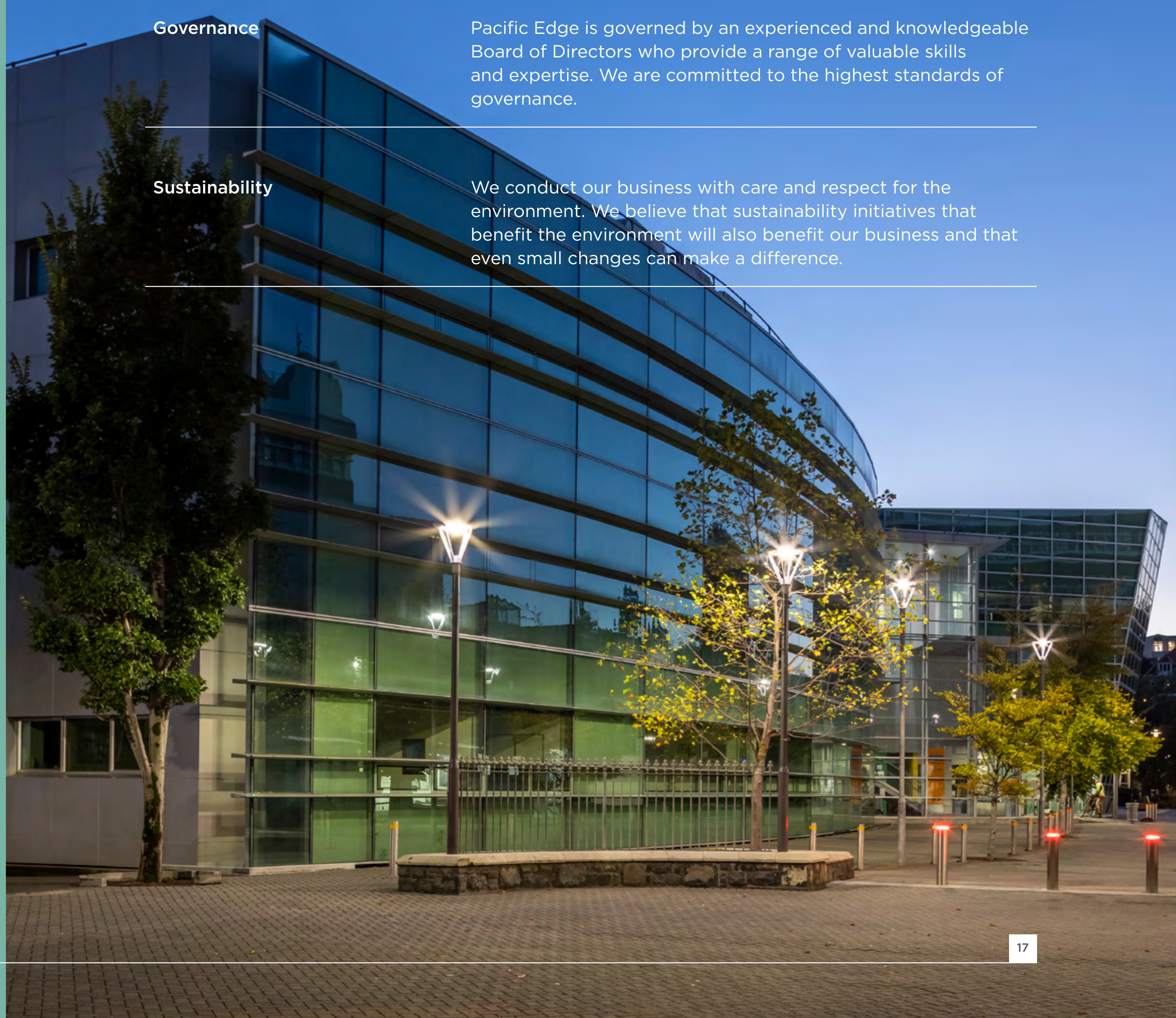
We are focused on delivering strong commercial growth through multiple, novel, non-invasive diagnostic products that drive increased sales and value for all stakeholders, including our shareholders.

Governance

Pacific Edge is governed by an experienced and knowledgeable Board of Directors who provide a range of valuable skills and expertise. We are committed to the highest standards of governance.

Sustainability

We conduct our business with care and respect for the environment. We believe that sustainability initiatives that benefit the environment will also benefit our business and that even small changes can make a difference.



OUR PEOPLE

Experienced, committed people with proven performance	Our greatest asset is our team of 78 passionate, committed and expert people who operate in a number of places in the world and who are essential to the delivery of products and services that are creating a dramatic and positive impact on the detection and management of bladder cancer.
Rewarding workplace with an engaging culture	We are committed to fostering a diverse and inclusive culture where all employees are valued and can grow and thrive. This includes nurturing talent through our internship programmes and training opportunities for existing staff.
Health, safety and wellbeing	We have a very strong Health & Safety culture and compliance performance is at the highest level. We have processes and protocols in place to ensure all our team go home safe and well every day.

Building talent: Dr Megan Colonval, Libby Willocks and Rachel Hansen

INVESTING IN TALENT

Pacific Edge offers between three and five paid internships every year within its research department, in areas ranging from biochemistry, genetics and computer science through to database management and product development. These internships are part-funded by Callaghan Innovation as part of their R&D Experience Grants. This allows Pacific Edge to bring smart, enthusiastic and fresh thinking into our research department.

Applicants are generally recent Honours or Masters graduates and every year up to 60 applications are received. The internships offer students the opportunity to work on real world business problems and gain commercial experience and new skill sets. A number of our interns have gone on to full time employment with Pacific Edge and have become valuable members of our team.

Libby Willocks, BBiomedSc (Hons)
Product Development Technician

Libby was accepted for an internship at Pacific Edge in 2020 after completing her Honours year at the University of Otago. She was drawn to Pacific Edge's exciting, innovative science and wanted to use the skills from her degree whilst improving the lives of people affected by cancer. Libby says the internship gave her the ability to approach science in an innovative way, whilst also building on the skills she had learnt throughout her study. She is now working full time at Pacific Edge.

This is allowing her to broaden her research and design her own experiments, while collaborating with the team around her.

Rachel Hansen, BSc (Hons)
Product Development Scientist

Rachel was awarded an internship at Pacific Edge Limited in 2019 after completing an Honours degree in Genetics with a minor in Pathology at the University of Otago. Rachel was an outstanding student with valuable skills in qPCR, cell culture and immunohistochemistry that she was able to develop first as an intern and now in her permanent role as a product development scientist at Pacific Edge. Rachel works in a very challenging area of the product development programme and brings an innovative, diligent and rigorous discipline to this area.

Dr Megan Colonval, BSc (Hons), MSc, PhD

Megan joined Pacific Edge Limited as a Product Development Scientist in 2020, following successful studies at the University of Liege in Belgium and the highly prestigious University of Aberdeen in Scotland. Megan's technical background is a perfect match for the skill needs of Pacific Edge. She has highly relevant knowledge not only of molecular biology but also software coding and bioinformatics. She has proved herself extremely capable both in the laboratory and also with *in silico* analysis of cancer data. Megan has a strong future at Pacific Edge at the cutting edge of new product development. She has also become an active member of the social committee.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

FINANCIAL COMMENTARY

The key metrics used by Pacific Edge to measure progress are Operating Revenue, Total Laboratory Throughput and Commercial Test volumes. Operating Revenue increased significantly year on year (up 76%), despite a reduction in test volumes due to the impact of Covid-19, particularly in 1H21.

TEST VOLUMES

Covid-19 affected test volumes throughout FY21, with restrictions on access to urologist and testing for patients, particularly in April and May 2020, with volumes down 43% on the prior corresponding period (pcp). A strong recovery was seen starting from June 2020, as restrictions are slowly eased.

Total Laboratory Throughput (TLT) reduced by 6% on pcp to 15,814 tests as Covid-19 restrictions affected access to urologists and testing for patients, particularly in 1H21. A good recovery was seen from June 2020 as stay at home restrictions eased in some locations and commercial adoption of Cxbladder continued to grow.

TLT in the second half of the year increased 30% on 1H21 and 3% on pcp, which was a strong result considering it was achieved in an environment where many Covid-19 restrictions were still in place in the US, Pacific Edge's largest market.

A record month was reported in March 2021 with TLT 37% higher than pcp and 69% higher than the previous 11-month average.

This positive trend continued in April and May 2021, with TLT significantly above FY21 averages.

Commercial Test volumes reduced 5% on pcp to 12,976 tests but were up slightly as a percentage of TLT.

Strong volume growth was seen from New Zealand customers (up 21% on pcp) who switched to multiple Cxbladder products and saw restrictions ease earlier than the US. This partially offset the decline in test volumes from the US (down 12% on pcp), which continued to suffer from Covid-19 restrictions throughout the year.

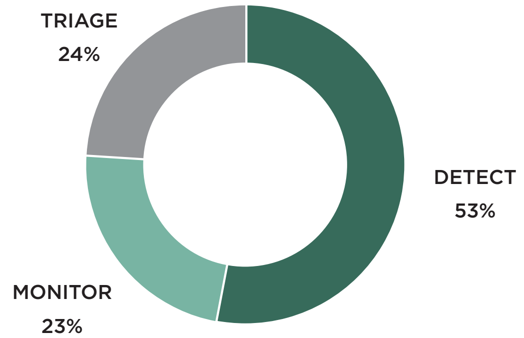
The CMS coverage is having a positive impact, with Medicare tests accounting for 42% of total US volumes. Medicare plus Medicare Advantage, a hybrid plan that combines Medicare with an increased policy offering from private payers, increases the percentage of CMS related tests in the US to 68% of Pacific Edge's commercial tests.

BY REGION AND TEST TYPE

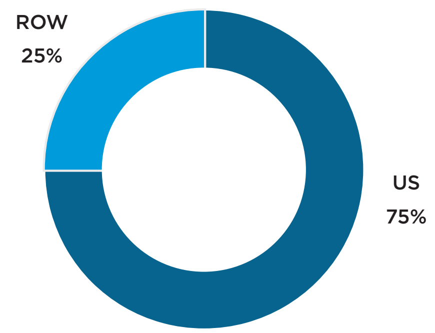
The US market provided 75% of Pacific Edge's TLT during the year, with the Rest of World being mainly New Zealand test volumes with some throughput related to User Programmes in Singapore and Australia.

The volumes of each test processed in each market annually are relative to how long these tests have been in the market. Cxbladder Detect, the first product to launch in the US, still represents the largest volume of tests, with growing use of Cxbladder Monitor and Triage. In New Zealand, Cxbladder Triage usage dominates followed closely by Cxbladder Monitor.

TOTAL LABORATORY THROUGHPUT BY TEST



TOTAL LABORATORY THROUGHPUT BY REGION



ACCELERATING REVENUE GROWTH

Operating revenue grew strongly and was up 76% to $7.7m.

This included nine months of cash contribution from CMS tests, as well as a NZ$1m accrual for tests which had been performed, but not yet paid as at balance date.

As of 1 July 2021, our Cxbladder Detect and Cxbladder Monitor tests are covered by the CMS and paid at the national price of US$760 per test.

These two tests made up 95% of US commercial test volume in FY21, with 68% of these being for Medicare and Medicare Advantage patients.

The strong second half revenue result, up 110% on pcp, reflected the easing of Covid-19 restrictions, progressive commercial adoption of Cxbladder and growing reimbursement of CMS tests from 1 July 2020 onwards.

Total revenue increased by 101% to $10.4m, and included grant revenue, research rebates and Covid-19 support payments.

OPERATING REVENUE BY REGION

US operating revenue was up 82% to $6.9m with multiple consecutive months of record revenue achieved.

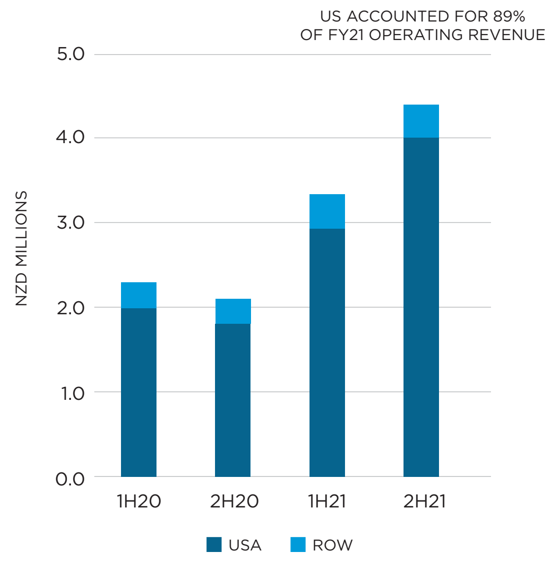
Growth was primarily driven by CMS reimbursement. We remain very positive about the progression of the uptake by Kaiser Permanente; however, our expectations on the timing for this growth has been pushed out due to the covid pandemic related issues as outlined.

Rest of world revenue is largely from New Zealand and was up 37% to $0.8m. This growth was driven in the post-Covid-19 window with the increasing adoption of multiple Cxbladder products by several large public healthcare providers and the overall commercial growth in New Zealand.

Total operating expenses increased 2% on pcp to $24.7m. Operating expenses in 1H21 were lower than normal because of the Covid-19 related impact on levels of business activity. Operating expenses increased in 2H21, primarily driven by the investment in the expanded US sales team and increased marketing activity. Research and Development expenses increased 17% on pcp to $4.6m as a result of the ongoing investment in clinical studies to support Cxbladder's inclusion in US guidelines and wider adoption. Total operating expenses are expected to increase marginally in FY22 as investment continues into scaling up Pacific Edge's US commercial operations to take advantage of growth opportunities.

Cash receipts increased 52% on pcp to $6.7m, with strong receipts in the second half of the year up 64% on the first six months of the year, and up 102% on the pcp. Net operating cashflow improved 12% on pcp to $(13.6)m. The positive impact of cash reimbursement from the CMS from 1 July 2020 saw the average monthly cash burn reduce by 10% on pcp.

Strengthened balance sheet: The $22m placement to ANZ New Zealand Investments in July 2020 significantly strengthened the company's balance sheet. As a result, net cash, cash equivalents and short term deposits increased to $23.1m as at 31 March 2021.



PACIFIC EDGE LIMITED ANNUAL REPORT 2021

BOARD PROFILES

CHRIS GALLAHER

Chairman and Independent Director (Appointed 2016)

Chris joined the Board in 2016 and was appointed as Chairman in August 2016. A New Zealand citizen resident in Melbourne, Chris has held senior positions in both CEO and CFO roles with a number of large international companies and was a partner in Arthur Young, Chartered Accountants. Prior to retiring from full time corporate life, he was CFO of Fulton Hogan, a large NZ resources based civil contractor. Chris is also Chairman of Mariposa Holdings, a charitable organisation.

Chris holds a BCom from Otago University and is a Chartered Accountant and a member of the Australian Institute of Company Directors.

DAVID DARLING

Executive Director and CEO (Appointed 2014)

Dave has over 30 years' business experience in life sciences and biotechnology and was appointed to the Board as Executive Director in 2014. In his capacity as Chief Executive Officer he has led Pacific Edge from its early inception, and has significant executive and leadership experience in the development and international commercialisation of biomedical and biotechnology businesses and products. During his career, Dave has held a number of positions in governance, executive and senior management, joining Pacific Edge from Fletcher Challenge.

ANATOLE MASFEN

Independent Director (Appointed 2008)

Anatole is the co-founder of Artemis Capital, a private equity investment firm based in Auckland. He graduated from the University of Auckland with an MCom (Hons) in Finance and Economics. Following that he spent eight years with Air New Zealand (and later the merged entity with Ansett Australia) holding senior positions in Pricing, Revenue Management and Systems implementation. He holds directorships in numerous private companies and has significant knowledge of financial capital markets. As a long standing Director of Pacific Edge and investor in numerous medical and tech companies, Anatole has a detailed knowledge of the medical sector and future trends. In particular human sciences and disruptive technologies.

SARAH PARK

Independent Director and Chair of Audit and Risk Committee (Appointed 2018)

Sarah brings international corporate finance experience to Pacific Edge after a professional career with PricewaterhouseCoopers in New Zealand and HSBC Investment Bank in London. During her executive career, Sarah worked in M&A, equity capital markets and was previously an Equity Research Analyst. She also had a lead role in seeking private capital from Asia, the Middle East and Europe for early-stage US biopharmaceutical companies. Sarah is a Director of National Provident Fund and Hawke's Bay Airport. She has a focus on providing her Audit & Risk capability and experience to her directorship portfolio.

Sarah has a MA(Hons) in Economics from the University of Edinburgh.

BRYAN WILLIAMS

Independent Director (Appointed 2013)

Bryan is an internationally recognised cancer researcher and research administrator, with significant business experience. He has held a number of governance roles, including with a NASDAQ listed biotech company. Presently, he serves on the Board of two privately held Australian biotechnology companies. Bryan was Director and CEO of the Hudson Institute of Medical Research. He is currently Emeritus Director and Distinguished Scientist at the Hudson Institute in Melbourne.

Bryan has a BSc (Hons) and PhD in Microbiology from the University of Otago.

ANNA STOVE

Independent Director (Appointed 2021)

Anna has a successful 25+ year track record in leading and driving transformational change within the pharmaceutical sector. She has significant Global business experience having held a variety of senior executive roles within NZ, Asia Pacific and Europe. Anna recently retired from being NZ General Manager at GlaxoSmthKline & she is now committed to growing businesses through best practice governance. Anna is currently the Chair of Global Women, Director of TAB NZ & Director of Rua Bioscience.

MARK GREEN

Independent Director (Appointed 2021)

Mark is an experienced corporate finance professional, with 25 years of experience in the Australasian capital, corporate and financial markets. He was an Executive Director for Investment Banking at Goldman Sachs where he worked for nearly 20 years and has been involved in many large prominent New Zealand transactions including the IPOs of Meridian, Mighty River Power and Vector. Mark is a Director of a number of entities including being Chair of Astrolab VC Investment Committee and a Director of Mariposa Holdings (a charitable organisation).

Mark has a BCom and LLB from the University of Auckland.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

EXECUTIVE TEAM PROFILES

DAVID DARLING
CEO and Executive Director

See profile on page 22.

PARRY GUILFORD
Chief Scientific Officer, Pacific Edge

Parry has led the science, research and development at Pacific Edge from its early days. As one of the founding scientists and a member of the Scientific Advisory Board of the Company, Parry is the architect of many of the Company's product prototypes. Parry's focus is to bring his world class skills and experience in the step change in biotechnology to the Company's next generation of products.

JIMMY SUTTIE
Senior Vice President Global Operations, Pacific Edge

Jimmy has wide experience, as an executive, with the management of science and technology in New Zealand's primary industry sector, particularly the development and application of science and technology for commercialisation. Jimmy manages the Pacific Edge Operations Group with responsibilities for clinical testing, product improvement, product support and new product development.

GRANT GIBSON
Chief Financial Officer, Pacific Edge

Grant is a proven financial executive and Chartered Accountant, who brings significant financial experience to the role. Prior to joining Pacific Edge in late 2019, Grant was Chief Financial and Operating Officer for Dunedin-based company, TracMap, where he was responsible for leading the financial management and operations across the company. Prior to that Grant worked in executive finance roles at Westpac including as Head of Finance for Westpac New Zealand. During his time with Westpac, he headed the finance team for New Zealand's largest financial transaction, the local incorporation of Westpac New Zealand.

BRENT POWNALL
Vice President Commercial & Franchise, Pacific Edge

Brent brings significant strategic marketing, business development and commercialisation experience, including sales and marketing of biologics and biomedical products in New Zealand, Australia, Asia and the United States. Brent joined Pacific Edge in 2013 to lead the commercial and business development activities of the Pacific Edge franchise and its commercial arm, Pacific Edge Diagnostics New Zealand, successfully establishing Cxbladder in the standard of care for New Zealand's public healthcare system and serving developing markets in Australia and Singapore.

TONY LOUGH
Vice President Clinical Science & Product Performance, Pacific Edge

Tony joined Pacific Edge in 2016 and brings research management experience to the senior management team. His most recent role was Chief Executive of a government-university funded project to provide a national genomics infrastructure to the research sector. Prior to that he was a team leader at the Auckland-based biotechnology company, Genesis Research and Development Corporation, leading projects in the commercialisation of macromolecular signaling.

ANDY MCINTOSH
Chief of Information Systems & Decision Support

Andy is an experienced executive leader with strengths across digital transformation, strategy development and delivery, product management and people leadership. His focus is on creating a more sustainable future for business through digital technology, and in developing technology capability and services. Andy has worked in a number of senior roles including General Manager Technology and Fleet at Citycare Group in Christchurch, Global Commercial Manager for Tait Communications in New Zealand, UK and Houston, and for Vodafone New Zealand.

DEMI STEFANOVA
Chief Operating Officer

Demi is a senior executive with experience in establishing and optimising operations in highly regulated environments. She has specific expertise in Cancer Medical Research Operations, Biotechnology, Supply Chain & Logistics and Pharmaceutical and GMP Engineering Design and Construction. Demi has worked for several international companies, leading multi-cultural teams and driving global change and business transformation programmes. She is an innovative thinker and leader known for crafting strategic transformations that target and deliver sustainable operating models that target improved performance, customers, partners, and employees experience.

US EXECUTIVE TEAM

DAVID LEVISON
Executive Chairman, Pacific Edge Diagnostics USA

David has spent more than 25 years in the healthcare industry, working across a range of sectors from pharmaceuticals to services and diagnostics. He has been the founder and CEO of a number of high growth medical and medical technology businesses in the US as well as working in private equity. David stepped down from the Pacific Edge Board in November 2020, after four years as a director, to take up the role of Executive Chairman of PED USA.

JACKIE WALKER
Chief Executive Officer, Pacific Edge Diagnostics USA

Jackie brings to the company over 30 years of extensive leadership and general management experience in life sciences organisations, successfully leading teams and commercialising medical technologies in the US and globally. Prior to joining Pacific Edge Diagnostics USA, Jackie held senior executive positions at OSspray Ltd, Ondine Biomedical, Dentsply Sirona, and Ohmeda Medical. Jackie has led the establishment and growth of the USA subsidiary since 2012.

JACK ATCHASON
Senior Vice President of Sales & Customer Service, Pacific Edge Diagnostics USA

Jack brings over 25 years of successful experience in sales, sales leadership, and commercial operations, with large and small pharmaceutical organisations in the US. A proven leader in start-up organisations and product launches, Jack held roles of increasing responsibility for Abbott Laboratories, Amgen, Cytogen, Idenix, Millenium, and Targanta. Jack has led the growth of US sales and customer acquisition since 2013.

ADVISORY BOARDS

SCIENTIFIC ADVISORY BOARD

Name	Position	Organisation	Country
M. Brennan	Oncologic Surgeon Scientist	Memorial Sloan Kettering Cancer Center	USA
	Senior Vice President for International Programs		
	Professor		
	Chair in Clinical Oncology		
P. Guilford	Chief Scientific Officer	Pacific Edge Limited	New Zealand
	Professor	University of Otago	New Zealand
N. Kasabov	Director	Knowledge Engineering & Discovery Research Institute (KEDRI)	New Zealand
	Professor Computer Science	Auckland University of Technology	New Zealand
O. Ogawa	Professor and Chairman	Department of Urology, Kyoto School of Medicine	Japan
P. Spence	Managing Director	Paul Spence Consultants	United Kingdom
M. Sullivan	Professor Consultant	The University of Melbourne Royal Children's Hospital	Australia
	Paediatric Oncologist		
B. Williams	Past Emeritus Director and Distinguished Scientist	Hudson Institute of Medical Research	Australia
	Director	Pacific Edge Limited	New Zealand

CINICAL ADVISORY BOARD

Name	Position	Organisation	Country
P. Cozzi	Associate Professor	University of Notre Dame	Australia
	Urologist	VMO at St George Public and Private, Mater Private, Sutherland, Kareena, Prince of Wales and Hurstville Private Hospitals	Australia
M. Fraundorfer	Consultant Urologist	Tauranga Hospital	New Zealand
		Urology BOP Ltd	
R. Getzenberg	Executive Associate Dean of Research, Professor/Medicine	Nova Southeastern University – College of Allopathic Medicine (NSU – MD)	USA
P. Gilling	Consultant Urologist	Tauranga Hospital	New Zealand
	Head of Urology Department	Urology BOP Ltd	New Zealand
	Professor of Surgery	University of Auckland School of Medicine	New Zealand
J. Masters	Urologist	Auckland City Hospital	New Zealand
		Manukau Superclinic	
J. Raman	Professor and Chief of Urology	Penn State Hershey Surgical Specialties, Milton S. Hershey Medical Center, Hershey, Pennsylvania	USA
S. Shariat	Professor and Chairman	Medical University of Vienna, Vienna General Hospital	Austria
	Adjunct Professor	Weill Cornell Medical Center, New York	USA
	Adjunct Professor	University of Texas Southwestern Medical Center	USA

21 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 ($000)	2020 ($000)
REVENUE			
Operating Revenue	5	7,701	4,370
Total Operating Revenue		**7,701**	**4,370**
Other Income	5	2,386	584
Interest Income	9	351	249
Foreign Exchange Gain (Loss)		1	(5)
Total Revenue and Other Income		**10,439**	**5,198**
OPERATING EXPENSES			
Laboratory Operations		5,466	5,181
Research	6	4,584	3,916
Sales and Marketing		9,202	8,571
General and Administration	7	5,410	6,416
Total Operating Expenses	5	**24,662**	**24,084**
NET (LOSS) BEFORE TAX		**(14,223)**	**(18,886)**
Income Tax Expense	16	-	-
(LOSS) FOR THE YEAR AFTER TAX		**(14,223)**	**(18,886)**
Items that may be reclassified to profit or loss:			
Translation of Foreign Operations		46	(96)
TOTAL COMPREHENSIVE (LOSS) attributable to equity holders of the Company		**(14,177)**	**(18,982)**
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic and Diluted Earnings per share	3	(0.020)	(0.032)

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Statement of Changes in Equity

For the year ended 31 March 2021

	Notes	Share Capital ($000)	Accumulated Losses ($000)	Share Based Payments Reserve ($000)	Foreign Currency Translation Reserve ($000)	Total Equity ($000)
Balance as at 31 March 2019		**146,403**	**(137,877)**	**4,507**	**877**	**13,910**
(Loss) after tax		-	(18,886)	-	-	(18,886)
Other Comprehensive Income		-	-	-	(96)	(96)
TOTAL COMPREHENSIVE (LOSS) attributable to equity holders of the Company		**-**	**(18,886)**	**-**	**(96)**	**(18,982)**
Transactions with owners in their capacity as owners:						
Issue of Share Capital	18	18,857	-	-	-	18,857
Share Based Payments - Employee Remuneration	8	163	-	-	-	163
Share Based Payment - Employee Share Options	8	-	521	35	-	556
Balance as at 31 March 2020		**165,423**	**(156,242)**	**4,542**	**781**	**14,504**
Balance as at 31 March 2020		**165,423**	**(156,242)**	**4,542**	**781**	**14,504**
(Loss) after tax		-	(14,223)	-	-	(14,223)
Other Comprehensive Income		-	-	-	46	46
TOTAL COMPREHENSIVE (LOSS) attributable to equity holders of the Company		**-**	**(14,223)**	**-**	**46**	**(14,177)**
Transactions with owners in their capacity as owners:						
Issue of Share Capital	18	21,962	-	-	-	21,962
Share Based Payments - Employee Remuneration	8	284	-	-	-	284
Share Based Payment - Employee Share Options	8	2,636	404	(504)	-	2,536
Balance as at 31 March 2021		**190,305**	**(170,061)**	**4,038**	**827**	**25,109**

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Balance Sheet

As at 31 March 2021

	Notes	2021 ($000)	2020 ($000)
CURRENT ASSETS			
Cash and Cash Equivalents	9	4,129	1,755
Short Term Deposits	9	19,000	13,029
Receivables	10	2,866	642
Inventory	11	790	796
Other Assets	12	557	694
Total Current Assets		**27,342**	**16,916**
NON-CURRENT ASSETS			
Property, Plant and Equipment	13	688	652
Right of Use Assets	23	2,977	1,581
Intangible Assets	14	177	179
Total Non-Current Assets		**3,842**	**2,412**
TOTAL ASSETS		**31,184**	**19,328**
CURRENT LIABILITIES			
Payables and Accruals	17	3,197	3,270
Lease Liabilities	23	1,098	983
Total Current Liabilities		**4,295**	**4,253**
NON-CURRENT LIABILITIES			
Lease Liabilities	23	1,780	571
Total Current Liabilities		**1,780**	**571**
TOTAL LIABILITIES		**6,075**	**4,824**
NET ASSETS		**25,109**	**14,504**
Represented by:			
EQUITY			
Share Capital	18	190,305	165,423
Accumulated Losses		(170,061)	(156,242)
Share Based Payments Reserve		4,038	4,542
Foreign Translation Reserve		827	781
TOTAL EQUITY		**25,109**	**14,504**
FURTHER INFORMATION			
Net Tangible Assets per share ($)	27	0.034	0.021

For and on behalf of the Board of Directors dated the 26th day of May 2021:

Sarah N Park

Director **Director**

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements

Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 ($000)	2020 ($000)
CASH FLOWS TO OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		6,747	4,431
Receipts from Grant Providers		1,059	1,184
Interest Received		271	241
		8,077	5,856
Cash was disbursed to:			
Payments to Suppliers and Employees		21,643	21,190
Net GST cash outflow (inflow)		4	51
		21,647	21,241
Net Cash Flows to Operating Activities	20	**(13,570)**	**(15,385)**
CASH FLOWS TO INVESTING ACTIVITIES:			
Cash was provided from:			
Proceeds from Short Term Deposits		23,081	8,000
		23,081	8,000
Cash was disbursed to:			
Purchase of Short Term Deposits		29,052	13,029
Capital Expenditure on Plant and Equipment		270	116
Capital Expenditure on Intangible Assets		108	67
		29,430	13,212
Net Cash Flows to Investing Activities		**(6,349)**	**(5,212)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash was received from:			
Ordinary Shares Issued	18	22,000	20,136
Exercising of Share Options		1,500	-
		23,500	20,136
Cash was disbursed to:			
Repayment of Leases	23	1,250	1,211
Issue Expenses	18	38	1,280
		1,288	2,491
Net Cash Flows From Financing Activities		**22,212**	**17,645**
Net increase (decrease) in Cash Held		**2,293**	**(2,952)**
Add Opening Cash Brought Forward		1,755	4,847
Effect of exchange rate changes on net cash		81	(140)
Ending Cash Carried Forward	9	**4,129**	**1,755**

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The consolidated financial statements (hereafter referred to as the 'financial statements') presented for the year ended 31 March 2021 are for Pacific Edge Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group'). The Group's purpose is to research, develop and commercialise new diagnostic and prognostic tools for the early detection and management of cancers.

Pacific Edge Limited is registered in New Zealand under the Companies Act 1993 and is a Financial Markets Conduct (FMC) reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the NZX Listing Rules. The financial statements presented are those of the Group, consisting of the Parent entity, Pacific Edge Limited and its subsidiaries. The reporting entity is listed on the New Zealand Stock Exchange (NZX).

These financial statements have been approved for issue by the Board of Directors on 26 May 2021.

Basis of Preparation

These financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards.

The financial statements are presented in New Zealand Dollars, which is the Company's functional currency and Group's presentation currency, and all values are rounded to the nearest thousand dollars ($000). The accounting principles recognised as appropriate for the measurement and reporting of earnings, cash flows and financial position on a historical cost basis have been used.

The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated net of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables.

Management of Capital

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the Company. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, provide benefit for other stakeholders and to maintain an optimal capital structure to support the development of its business. The Company meets these objectives through closely managing revenue and expenditure, and where required issues new shares. As part of meeting these objectives, the Company completed a Share Placement in July 2020, issuing a further 33,846,154 shares at $0.65 per share. Refer to Note 18 for further details on the capital raising activity during FY21.

Going Concern

The 2021 financial statements have been prepared on the going concern basis which assumes that the Company will have sufficient cash to pay its debts as they fall due for a minimum of 12 months from the date of signing the financial statements.

As at 31 March 2021, the Company has $23.129m of cash, cash equivalents and short term deposits (2020: $14.784m) and net assets of $25.109m (2020: $14.504m). Operating cash receipts totalling $8.077m were received in the 12 month period to 31 March 2021 (2020: $5.856m) along with additional capital of $23.500m (2020: $20.136m) prior to issue expenses. Net cash outflows from operating activities for the 12 month period to 31 March 2021 were $13.570m (2020: $15.385m).

The Company obtained two significant commercial milestones during the period, which have increased Cash Receipts from Customers for the twelve months to 31 March 2021, and will have a positive impact on future revenues for the Company.

The first of these announced on 17th June 2020 was that the Company and US healthcare provider, Kaiser Permanente, have reached agreement for the commercial use of Pacific Edge's Cxbladder tests. Kaiser Permanente is one of the largest non-profit healthcare providers in the United States of America (US), with over 12 million members. It operates 39 hospitals and employs approximately 23,000 physicians, and is expected to drive increased test numbers.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

The second of these announced on 3rd July 2020 was the positive LCD decision, resulting in the Company receiving reimbursement for all Cxbladder Monitor and Detect tests performed after 1 July 2020 for patients covered by the Centers for Medicare and Medicaid Services (CMS) across the US that are deemed medically necessary. Reimbursement for these tests is at the already determined national CMS price for Cxbladder of US $760 per test. The CMS provides healthcare coverage for all US citizens over 65 years. CMS tests currently make up approximately 42% of Pacific Edge's current Commercial Tests in the US, with Medicare Advantage tests comprising a further 25% of current Commercial Tests in the US.

The obtainment of these commercial milestones have had, and will continue to have a significant positive impact on the Company's financial position. The Company also continues to progress commercial negotiations with targeted large scale health organisations in the US and whilst these negotiations are taking longer than expected to complete, the Company continues to make good progress with these negotiations. The Board of Directors has reviewed the forecasts of the Group and are satisfied that based on their review, there will be adequate cash flows generated from operating and financing activities to meet the obligations of the Group for at least twelve months from signing the financial statements.

Basis of Consolidation

The following entities and the basis of their inclusion for consolidation in these financial statements are as follows:

Name of Subsidiary	Place of Incorporation (or registration) & Operation	Principal Activity	Ownership Interests & Voting Rights 31 March 2021 %	Ownership Interests & Voting Rights 31 March 2020 %
Pacific Edge Diagnostics New Zealand Limited	New Zealand	Commercial Sales and Diagnostic Laboratory Operation	100	100
Pacific Edge Pty Limited	Australia	Biotechnology Research & Development	100	100
Pacific Edge Diagnostics USA Limited	USA	Commercial Sales and Diagnostic Laboratory Operation	100	100
Pacific Edge Diagnostics Singapore Pte Limited	Singapore	Commercial Sales and Biotechnology Research & Development	100	100
Pacific Edge Analytical Services Limited	New Zealand	Dormant Company	100	100

The financial statements incorporate the assets, liabilities and results of all subsidiaries of Pacific Edge Limited as at 31 March 2021 and for the year then ended. All subsidiaries have the same balance date as the Company of 31 March.

Pacific Edge Limited consolidates all entities over which Pacific Edge Limited has control. Control is achieved when the Group:

- Has power to direct the activities of the entity
- Is exposed, or has rights, to variable returns from involvement with the entity
- Has the ability to use its power to affect its returns.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Critical Accounting Estimates and Assumptions
In preparing these financial statements, the Group made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations or future events that are believed to be reasonable under the circumstances.

The main estimates and assumptions used are in relation to revenue from Cxbladder tests in the US detailed in Note 5, and the going concern assumption which is further assessed in Note 1 above.

There has been a change in a Critical Accounting Estimate for commercial test revenue recognised in the US, which has resulted in Operating Revenue increasing by $973,000 for the reporting period ending 31 March 21. This is detailed in Note 5.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of Pacific Edge Limited for the year ended 31 March 2020.

2. NEW STANDARDS

New and Amended Standards Adopted by the Group
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to NZ IFRS 9, NZ IAS 39 and NZ IFRS 7
- Revised New Zealand Equivalent for Financial Reporting

New Standards and Interpretations Not Yet Adopted by the Group
Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. EARNINGS PER SHARE

(a) Basic
Basic earnings per share is calculated by dividing the profit (or loss) attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year excluding ordinary shares purchased by the Company (Note 18).

	GROUP	
	2021 ($000)	2020 ($000)
Loss attributable to equity holders of the Company	(14,223)	(18,886)
Weighted average number of ordinary shares on issue	714,031	581,344
Earnings per share	(0.020)	(0.032)

(b) Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares are in the form of share options. As the Group made a loss during the current year and losses cannot be diluted, basic and diluted earnings per share are the same.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

4. LABORATORY THROUGHPUT AND COMMERCIAL TESTS – NON-GAAP REPORTING

Laboratory Throughput is a key metric for the Group: Laboratory Throughput provides evidence of the usage of Cxbladder products globally. The inclusion of this non-GAAP reporting is considered helpful to readers of these accounts, as it allows readers to compare the current period to prior periods and assess usage trends on a consistent basis. Total laboratory throughput includes commercial tests, which are invoiced to customers (including tests for patients covered by the US government's medical program through the Centers for Medicare and Medicaid Services (CMS)), and tests which are not considered to be commercial as these tests relate to Research Tests or other nonchargeable activities.

Commercial Test numbers are also a key metric for the Group: Commercial Tests are those tests for which the Company is actively seeking reimbursement and cash receipts, and tests performed at no charge in order to gain new customers. The inclusion of this non-GAAP reporting is considered helpful to readers of these accounts as it allows readers to compare the current period to prior periods and assess trends on a consistent basis.

Laboratory Throughput and Commercial Tests per financial year are shown below.

	FY21	FY20
Total Laboratory Throughput (tests)	15,814	16,861
Change in Total Laboratory Throughput (%)	-6%	7%
Change in Throughput from previous year (tests)	(-) 1,047	(+) 1,164
Total Commercial Tests (tests)	12,976	13,627
Commercial Tests as a percentage of Total Laboratory Throughput (%)	82%	81%
Change in Commercial Tests from previous year (%)	-5%	6%

Total Laboratory Throughput and Commercial Test numbers reduced during the year when compared to the prior year due to the impact of Covid-19. The impact of this was seen in the first half of the year with volumes down 16% for both Total Laboratory Throughput and Commercial Tests when compared to the prior year, while Total Laboratory Throughput and Commercial Test numbers were up up 3% and 6% respectively for the second half of the year when compared to the prior corresponding period.

5. REVENUE

Background information on US customers and the payment process
A physician orders a Cxbladder test when a patient presents to their clinic with symptoms that indicate the possibility of bladder cancer. The most common and significant symptom is haematuria or blood in their urine. A urine sample is collected from the patient and sent in the Cxbladder Urine Sampling System to the Group's laboratory in the US or in New Zealand. The Group receives and processes the urine sample and returns the results of the test back to the ordering physician. The individual patient is the Group's customer, however typically in the US market, the patient's insurer may pay the Group for some or all of the cost of the test.

When a physician orders a Cxbladder test, the Group has an obligation to perform the test and report the results to the ordering physician irrespective of the patient's insurance contract. A patient may have private insurance cover, be covered by the US government's medical program through CMS, self cover or have no insurance cover.

Once the Cxbladder test has been completed, all information required for insurance purposes is sent to the Group's billing and reimbursement agent to begin the process to collect reimbursement from any applicable insurance company/ies for the Cxbladder test performed.

For patients with private insurance cover, the relevant patient and test order information will be sent to their insurance provider. When the Group does not have an individual agreement with that insurance provider to pay for Cxbladder tests ("out of network"), the insurance provider will assess that individual patient's test for medical necessity and the level of insurance cover (if any) available to cover the cost of the test.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

This process of assessment can take many months to work through before the Group receives payments (if any) from the insurance company. The Group does have agreements with some insurance providers but these currently cover a small proportion of the Group's customers.

For patients covered by CMS, invoices are sent to CMS. Prior to 3 July 2020, Pacific Edge was not included in the Local Coverage Determination (LCD) and as a result, did not normally receive any amounts for tests performed for patients covered by CMS. On 3 July 2020, Pacific Edge received notice of inclusion in the LCD, resulting in the Company receiving reimbursement for Cxbladder Monitor and Detect tests performed after 1 July 2020 for patients covered by the CMS across the US that are deemed medically necessary.

For uninsured patients, the Group has no certainty of when, or if, the patient will pay.

Rest of World Customers
Revenue from Rest of World customers is primarily from the District Health Boards (DHBs) in New Zealand. In all Rest Of World locations, there is a clearly defined contract with the customer meeting the requirements of NZ IFRS 15. Pacific Edge Diagnostics New Zealand Limited has individual contracts with DHBs across New Zealand and revenue is recognised as described on the following pages.

Critical Accounting Estimate
The application of NZ IFRS 15: Revenue from contracts with customers (NZ IFRS 15) requires the application of significant judgement in determining whether the Group meets the five key criteria identified in NZ IFRS 15, which allows revenue to be recognised as performance obligations are satisfied. For the Group this would result in some revenue recognised in advance of the receipt of cash.

The significant judgements adopted by the Group relate to :

- Determining if a contract with the customer exists;
- Identifying the rights of each party;
- Identifying the payment terms;
- Ensuring the contract has commercial substance; and
- Determining whether it is probable that the Group will collect the consideration to which it is entitled.

Within the five criteria, significant judgement is applied in determining the Transaction Price to apply to the transaction, and also the probability of payment. Further information on the Significant Judgements applied are included in the Accounting Policy relating to Revenue from Cxbladder tests.

ACCOUNTING POLICY

Revenue from Cxbladder tests
The Group performs Cxbladder tests when requested by a patient's physician. At the point the test results are returned to the physician, the Group has satisfied its performance obligation and has the right to issue an invoice. The Group has determined a contract exists, and payment terms are identified, the contract has commercial substance and the rights of each party have been identified.

For the prior comparative period (31 March 2020) the Group had judged it is not probable that any consideration will be received from CMS as inclusion in the LCD with the CMS had not at the time been obtained. For customers covered by private insurance, or with no insurance cover, the Group could not reliably estimate both the probability and size of payment to be received. The Group therefore recognised Operating Revenue from the US when cash was received, with no revenue accrual for tests performed but unpaid at balance date.

On the 3 July 2020, Pacific Edge received notice of inclusion in the LCD, resulting in the Company receiving reimbursement for Cxbladder Monitor and Detect tests performed after 1 July 2020 for patients covered by the CMS across the US that are deemed medically necessary. Reimbursement for these tests is at the already determined national CMS price for Cxbladder of US$760 per test.

Since Cxbladder's inclusion in the LCD, based on historical data, the Group has been able to reliably estimate both the probability and size of payment received from the CMS for patients with Medicare. The inclusion within the LCD combined with the growing support for the use of Cxbladder within the US has also allowed the Group to reliably estimate both the probability and size of payment received from customers covered by Medicare Advantage policies provided by private insurers.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Tests performed for patients covered by other private policies, or tests performed for those with no insurance cover continue to be recognised as revenue when cash is received due to not being able to reliably estimate both probability and size of payment received.

The Group has concluded that the contracts with the CMS and customers covered by Medicare Advantage include variable consideration. The amounts paid by Medicare may be subject to a refund if the Group was subject to an audit by CMS in the future and tests were identified which were not medically necessary. The commercial health insurance carriers that provide Medicare Advantage may pay an amount less than our standard rates if a patient has an unused deductible limit, or may not pay at all if the insurer identifies the test was not medically necessary. Variable consideration attributable to these price concessions is measured at the expected value, and is determined by using historical average collection rates by test type and payor category taking into consideration the range of possible outcomes and the predictive value of our past experience. Such variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

A refund liability of $29,000 has been recognised to allow for tests that have been paid to the Group which are subsequently required to be refunded as a result of internal reviews undertaken by that payer. The estimation of the appropriate allowance has been made by reviewing historical data of the Group.

As a result of the Significant Judgements applied, the Group have determined the criteria under NZ IFRS 15 which allows revenue to be recognised in advance of the receipt of cash have been met, and the Group has recognised revenue for tests which were performed between 1 July 2020 and 31 March 2021 for CMS and Medicare Advantage at the point in time the tests were completed. This has resulted in an increase to operating revenue and receivables of $973,000.

Rest of World revenue recognition from tests performed
There has been no change in accounting policy or estimates for Operating Revenue for the Rest of World. The Group performs Cxbladder tests when requested by a patient's physician in New Zealand, Australia and Singapore. At the point the test results are returned to the physician, the Group has satisfied its performance obligations have been met and an invoice is issued to the customer. Revenue is recognised when the invoice is issued.

OTHER INCOME

Grant Income
Government Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government Grants are recognised in Other Income in the Statement of Comprehensive Income, on a systematic basis over the periods in which the Group recognises the related costs as expenses, for which the grants are intended to compensate.

The Company receives grants from Callaghan Innovation for postgraduate internships and summer students.

New Zealand Trade and Enterprise awarded the Company an International Growth Fund grant, to support the growth of the Group's commercial and marketing operations in the US. The grant commenced on 17 August 2020 and runs until 16 August 2023. New Zealand Trade and Enterprise reimburses the Company for 50 percent of eligible expenditure up to a maximum of NZ$600,000.

All conditions of the grants have been complied with.

Research Rebates and Tax Incentives

- New Zealand R&D Tax Incentive (RDTI)
The New Zealand RDTI is a 15% tax credit on the money invested in eligible research and development (R&D) that has occurred in New Zealand. As the New Zealand companies are in a tax loss position, the Group is eligible for the Tax Incentive to be refunded.

The RDTI is recognised at its fair value where there is a reasonable assurance that the credit will be received and the Group will comply with all attached conditions.

All conditions of the New Zealand RDTI have been complied with. Payment will be received after submission of each annual research and development tax claim.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

- Cxbladder Research Rebate
A Cxbladder research programme is administered by Pacific Edge Pty Limited and tax rebates are received as a result of this programme.

The Cxbladder research rebate is recognised at its fair value where there is a reasonable assurance that the rebate will be received and the Group will comply with all attached conditions.

All conditions of the research rebate have been complied with. Payment will be received after submission of each annual research and development tax claim.

Covid-19 Support
During the year ended 31 March 2021, the Group received Covid-19 support in the countries in which it operates. This support included Pacific Edge Diagnostics USA Limited receiving US$530,000 (NZ$790,000) which was recognised as Other Income after the application for forgiveness of the loan was approved, support in New Zealand from the Covid-19 Wage Subsidy (NZ$168,000), and in Australia with support from JobKeeper and Cash Flow Boost payments (NZ$139,000).

REVENUE AND OTHER INCOME

	2021 ($000)	2020 ($000)
Cxbladder Sales		
– US - Accrual Accounting	5,549	-
– US - Cash Accounting	1,339	3,778
– Total US Sales	6,888	3,778
– Rest Of World	813	592
Total Operating Revenue	**7,701**	**4,370**
Other Income		
Grant Revenue	322	83
Research Rebate Received	952	486
Covid-19 Support	1,112	15
Total Other Income	**2,386**	**584**

UNRECOGNISED REVENUE

Approximately 40% of Cxbladder tests performed by the Group in the US up to 30 June 2020 relate to patients covered by the Centers for Medicare and Medicaid Services (CMS). The Group invoiced CMS for tests performed for all patients with CMS coverage, however no revenue from these tests has been recognised.

The Company is in discussion with Novitas Solutions Inc who administer the health insurance for the CMS seeking reimbursement for tests performed prior to 30 June 2020 for patients covered by the CMS.

Tests performed for CMS since commencement of the Cxbladder test being used up to 30 June 2020 total 22,634.

While negotiations are in progress, there is no certainty that any payment will be received by the Group for these tests and as a result, no revenue has been recognised for the tests performed prior to 30 June 2020.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

6. RESEARCH AND DEVELOPMENT COSTS

ACCOUNTING POLICY

Research is the original and planned investigation undertaken with the prospect of gaining new scientific knowledge and understanding. This includes: direct and overhead expenses for diagnostic and prognostic biomarker discovery and research; pre-clinical trials; and costs associated with clinical trial activities. All research costs are expensed when incurred.

Development is the application of research findings to a plan or design for the production of new or substantially improved processes or products prior to the commencement of commercial production.

When a project reaches the stage where it is probable that future expenditure can be recovered through the process or products produced, expenditure that is directly attributed or reasonably allocated to that project is recognised as a development asset within intangible assets. If the expenditure also benefits processes or products for which it cannot be recovered, it will be expensed. The asset will be amortised from the date of commencement of commercial production of the product to which it relates on a straight-line basis over the period of expected benefit. Development assets are reviewed annually for any impairment in their carrying value.

		GROUP	
	Notes	2021 ($000)	2020 ($000)
Research Expenses		4,584	3,916
Includes:			
Employee Benefits	8	2,423	2,012

7. GENERAL AND ADMINISTRATION EXPENSES

		GROUP	
	Notes	2021 ($000)	2020 ($000)
Amortisation	14	55	61
Auditors Remuneration: PricewaterhouseCoopers New Zealand			
- Group year end financial statements		155	129
- Half year review of financial statements		29	21
- Singapore Statutory financial statements		11	11
Auditors Remuneration: PricewaterhouseCoopers Singapore			
- Statutory financial statements		12	10
Depreciation	13	94	86
Depreciation on Right of Use Assets	23	225	261
Directors Fees		278	321
Employee Benefits	8	1,850	2,857
Employee Share Scheme Expenses	8	284	163
Employee Share Options	8	373	148
Interest on Lease Liabilities	23	39	27
Rental and Lease Expense*		24	-
Other Operating Expenses		1,981	2,321
		5,410	**6,416**

**Due to the adoption of NZ IFRS 16, this now only includes short term, low value and variable lease payments. The remaining payments are now represented by depreciation on Right of Use assets and Interest on Lease Liabilities.*

Note: Amounts displayed for Amortisation, Depreciation, Employee Benefits and Employee Share Options are only the Operating Expenses component of the total expenses. Refer to relevant notes for full expense disclosure.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Employee Share Options
Employee Share Options are a non-cash expense. Refer to Note 8 for details of the accounting policy for Employee Share Schemes.

Other Operating Expenses
The major categories of expenditure which make up operating expenses, but are not disclosed separately above are Information Technology costs, Compliance and Regulatory costs, NZX and Registry fees, Investor Relations costs, Consultants and Contractors.

8. EMPLOYEE BENEFITS

		GROUP	
	Notes	2021 ($000)	2020 ($000)
Represented by:			
Employee Benefits in Research	6	2,423	2,012
Employee Benefits in General & Administration	7	1,850	2,857
Short Term Salaries, Wages and Other Employee Benefits		7,833	6,359
		12,106	**11,228**
Non-Cash Employee Benefits:			
Employee Share Scheme Expenses	18	284	163
Share Option Expense		1,035	556
		1,319	**719**
Total Employee Benefits		**13,425**	**11,947**

Employee Share Scheme
The Company has an Employee Share Scheme where ordinary shares in the Company may be issued to selected employees to recognise performance or a significant contribution to the Company. These shares may be issued in lieu of a cash bonus or in addition to the employee's remuneration. The ordinary shares are issued directly to the employee and the Company accounts for the cost of the shares. The shares are allocated to the employee on the date that the Board approves the issue of the share capital. All employees who hold ordinary shares in the Company must comply with the Company's Share Trading Policy.

The issuance of ordinary shares to employees is treated as equity settled share-based payments. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date based on the market price at the time of issuance. The fair value of shares granted is recognised as an employee expense in the Statement of Comprehensive Income when the shares are issued. During the 2021 financial year, 645,000 (2020: 754,000) ordinary shares were issued to employees as part of the Employee Share Scheme. The associated non-cash cost of these shares was $284,000 (2020: $163,000). Refer to Note 18 for further details on the shares issued during the financial year.

Employee Share Option Scheme
The Board believes that the issue of share options provides an appropriate incentive for participating employees to grow the total shareholder return of the Company. Share options are issued to selected employees to recognise performance or contribution to the Company or as a long-term component of remuneration in accordance with the Group's remuneration policy.

The Company has two categories of Share Options which are outlined below.

Performance Options
Performance Options are issued to selected employees to recognise performance or a significant contribution to the Company. Performance Options entitle the holder, on payment of the exercise price, to one ordinary share in the capital of the Company. The exercise price of the granted options is determined using the fair value of the

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Company's share price at the time of the options being granted. Performance Options vest immediately and there is no service requirement linked to the options or any other vesting conditions. The term in which options may be exercised, and ultimately lapse if not exercised, is ten years.

Incentive Options
Incentive Options are issued to selected employees as a long-term component of remuneration in accordance with the Group's remuneration policy. Incentive Options entitle the holder, on payment of the exercise price, to one ordinary share in the capital of the Company.

The exercise price of the granted options is determined using the fair value of the Company's share price at the time of the options being granted. Incentive Options vest over three years and there is a requirement to remain as an employee of the Company in order for the options to vest. Tranches of options are exercisable over four to ten years from the relevant vesting date. No options can be exercised later than the tenth anniversary of the final vesting date.

ACCOUNTING POLICY

All options are accounted for as equity settled share based payments as the Group has no legal or constructive obligation to repurchase or settle either the Performance Options or the Incentive Options in cash. The fair value of all options granted is recognised as an expense in the Statement of Comprehensive Income over their vesting period, with a corresponding increase in the employee share option reserve.

The fair value is determined at the grant date of the options and expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revisits its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payments reserve.

During the year, there were 3,636,000 share options exercised resulting in an increase in share capital of $2,636,000 (2020: nil). Refer to note 18 for further details on the share options that were exercised.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	GROUP			
	2021		2020	
	Weighted average exercise price $	Options #	Weighted average exercise price $	Options #
Outstanding at 1 April	0.42	18,137,598	0.61	10,712,368
Granted	0.30	2,493,836	0.23	10,360,000
Forfeited	0.23	(277,490)	0.25	(1,621,853)
Exercised*	0.41	(3,635,838)	-	-
Expired	0.80	(765,817)	0.65	(1,312,917)
Outstanding at 31 March	**0.39**	**15,952,289**	**0.42**	**18,137,598**
Exercisable at 31 March	0.31	12,765,384	0.52	11,350,318

** The weighted average share price at the date of options exercised during the year ended 31 March 2021 was NZ$0.92 (2020 - not applicable)..*

The significant inputs into the Black-Scholes valuation model were the market share price at grant date, the exercise price shown below, the expected annualised volatility of 50-60%, a dividend yield of 0%, an expected option life of between one and ten years and an annual risk-free interest rate of between 0.9% and 4.71%.

The volatility measured is the standard deviation of continuously compounded share returns and is based on a statistical analysis of daily share prices in the past one to ten years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Share options outstanding at the end of the reporting periods have the following expiry dates, vesting dates and exercise prices:

Expiry Month	Vesting Date	Exercise Price $	31 March 21 Options #	31 March 20 Options #
June 2020	June 2016	0.69		13,077
July 2020	July 2016	0.69		2,740
August 2020	August 2016	0.54		83,334
September 2020	September 2016	0.80		750,000
November 2020	November 2016	0.54		200,000
September 2021	September 2017	0.80	750,000	750,000
September 2024	September 2014	0.69	180,000	310,000 *
April 2025	April 2015	0.69	6,666	6,666
July 2025	July 2015	0.69	12,498	345,831
August 2025	August 2015	0.72	4,166	4,166
September 2025	September 2015	0.50	190,000	270,000 *
September 2025	September 2015	0.69	15,000	15,000
September 2025	September 2015	0.72	14,998	14,998
November 2025	November 2015	0.72	83,333	83,333
January 2026	January 2016	0.72	17,498	17,498
April 2026	April 2016	0.69	6,667	6,667
July 2026	July 2016	0.50	8,332	8,332
July 2026	July 2016	0.69	12,501	345,834
August 2026	August 2016	0.50	8,332	8,332
August 2026	August 2016	0.72	2,866	2,866
September 2026	September 2016	0.50	85,333	85,333
September 2026	September 2016	0.69	15,000	15,000
September 2026	September 2016	0.72	15,001	15,001
November 2026	November 2016	0.48	30,000	50,000 *
November 2026	November 2016	0.60	8,332	14,998
November 2026	November 2016	0.72	83,333	83,333
December 2026	December 2016	0.60	10,832	4,166
January 2027	January 2017	0.72	10,834	10,834
February 2027	February 2017	0.60		10,000
March 2027	March 2017	0.60	4,166	4,166
April 2027	April 2017	0.60	75,000	75,000
April 2027	April 2017	0.69	6,667	6,667
July 2027	July 2017	0.50	4,190	4,190

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Expiry Month	Vesting Date	Exercise Price $	31 March 21 Options #	31 March 20 Options #
July 2027	July 2017	0.69	343,346	343,346
August 2027	August 2017	0.48	4,166	4,166
August 2027	August 2017	0.50	8,334	8,334
September 2027	September 2017	0.48	6,666	6,666
September 2027	September 2017	0.50	79,168	79,169
September 2027	September 2017	0.69	15,000	15,000
September 2027	September 2017	0.72	10,594	10,594
October 2027	October 2017	0.48	-	20,000
November 2027	November 2017	0.60	8,334	10,252
November 2027	November 2017	0.72	83,334	83,334
December 2027	December 2017	0.60	3,790	1,872
December 2027	December 2017	0.51	4,166	4,166
January 2028	January 2018	0.72	7,473	7,473
January 2028	January 2018	0.51	12,498	12,498
February 2028	February 2018	0.60	-	10,000
March 2028	March 2018	0.60	4,167	4,167
April 2028	April 2018	0.60	75,000	75,000
May 2028	May 2018	0.51	1,319,994	1,587,492
May 2028	May 2018	0.28	6,666	6,666
July 2028	July 2018	0.50	2,671	2,671
August 2028	August 2018	0.48	3,916	3,916
August 2028	August 2018	0.50	4,315	4,315
September 2028	September 2018	0.48	4,128	4,128
September 2028	September 2018	0.50	219	219
October 2028	October 2018	0.48	30,000	30,000
October 2028	October 2018	0.28	8,332	4,166
November 2028	November 2018	0.60	6,816	6,816
December 2028	December 2018	0.51	4,167	4,167
January 2029	January 2019	0.51	6,416	6,416
January 2029	January 2019	0.28	-	16,666
February 2029	February 2019	0.6	-	10,000
February 2029	February 2019	0.28	6,666	6,666
March 2029	March 2019	0.60	68	68
April 2029	April 2019	0.60	75,000	75,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Expiry Month	Vesting Date	Exercise Price $	31 March 21 Options #	31 March 20 Options #
May 2029	May 2019	0.51	1,414,249	1,581,749
May 2029	May 2019	0.28	6,667	6,667
June 2029	June 2019	0.28	4,166	4,166
July 2029	July 2019	0.28	4,166	4,166
August 2029	August 2019	0.23	4,166	4,166
October 2029	October 2019	0.48	40,000	40,000
October 2029	October 2019	0.28	8,334	4,167
October 2029	October 2019	0.23	4,166	4,166
November 2029	November 2019	0.23	8,332	8,332
December 2029	December 2019	0.51	2,717	2,717
January 2030	January 2020	0.51	3,767	3,767
January 2030	January 2020	0.28	-	16,667
February 2030	February 2020	0.28	6,667	6,667
May 2030	May 2020	0.51	1,322,990	1,490,492
May 2030	May 2020	0.28	5,334	5,334
June 2030	June 2020	0.28	2,432	2,432
July 2030	July 2020	0.28	4,167	4,167
August 2030	August 2020	0.23	1,260,826	2,937,483
October 2030	October 2020	0.28	8,334	4,167
October 2030	October 2020	0.23	4,167	4,167
November 2030	November 2020	0.23	8,334	8,334
January 2031	January 2021	0.28	-	16,667
February 2031	February 2021	0.28	6,667	6,667
June 2031	June 2021	0.22	719,612	-
July 2031	July 2021	0.28	4,167	4,167
August 2031	August 2021	0.23	2,754,172	2,937,506
October 2031	October 2021	0.23	4,167	4,167
November 2031	November 2021	0.23	8,334	8,334
December 2031	December 2021	0.80	335,000	
June 2032	June 2022	0.22	719,612	
August 2032	August 2022	0.23	2,750,009	2,933,345
June 2033	June 2023	0.22	719,612	
			15,952,289	**18,137,598**

** Included within these tranches are 400,000 options (2020: 580,000 options) that vested immediately.*

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

9. CASH, CASH EQUIVALENTS AND SHORT TERM DEPOSITS

ACCOUNTING POLICY

Cash and cash equivalents includes cash in hand, deposits held on call with banks, and bank overdrafts.

Short Term Deposits are Term Deposits and other short-term investments with ANZ, BNZ and Heartland Bank, with periods ranging up to 365 days.

	GROUP	
	2021 ($000)	2020 ($000)
Cash and Cash Equivalents	4,129	1,755
Short Term Deposits	19,000	13,029
Total Cash, Cash Equivalents and Short Term Deposits	**23,129**	**14,784**
NZD	22,513	14,525
USD	578	154
AUD	25	94
EUR	1	5
SGD	12	6
Total Cash, Cash Equivalents and Short Term Deposits	**23,129**	**14,784**

INTEREST INCOME

ACCOUNTING POLICY

Interest income is recognised using the effective interest method.

Interest on the bank balances ranges from 0% to 1.70% (2020: 0% to 2.90%) per annum. Funds held on term deposit with ANZ, BNZ and Heartland Bank can be accessed with one month's notice at the request of the authorised bank signatories of Pacific Edge Limited.

10. RECEIVABLES

ACCOUNTING POLICY

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. An allowance for impairment is made up of expected credit losses based on the assessment of the trade receivables debt at the individual level for impairment, plus an additional allowance on the remaining balance for potential credit losses not yet identified.

	GROUP	
	2021 ($000)	2020 ($000)
Trade Receivables	1,016	61
Sundry Debtors	1,655	470
Accrued Interest	152	72
GST Refund Due / (Payable)	43	39
Total Receivables	**2,866**	**642**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

There is no provision for impairment relating to the revenue from Cxbladder sales in New Zealand. All outstanding sales are current and there are no expected credit losses on the amounts outstanding at balance date. US Trade Receivables includes a provision for future refunds of $29,000.

Sundry debtors include accruals for grants and rebates that have not yet been paid. These are expected to be paid once the relevant claims have been submitted. The Company has met all conditions of the claims and there is no indication that there is impairment of these balances.

Included in trade receivables are the below amounts which were past due but not impaired. These relate to a number of customers for whom there is no history of default.

	2021 ($000)	2020 ($000)
3 to 6 Months	27	-
Over 6 Months	-	-
Total Overdue Trade Receivables	**27**	**-**

The foreign currency split of Receivables is:

	2021 ($000)	2020 ($000)
NZD	1,310	168
USD	935	-
AUD	621	473
SGD	-	1
Total Receivables	**2,866**	**642**

11. INVENTORY

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average formula.

	GROUP	
	2021 ($000)	2020 ($000)
Laboratory Supplies	790	796
Total Inventory	**790**	**796**

The major items of Inventory are laboratory reagents, chemicals and Cxbladder urine sampling systems.

Laboratory supplies used during the year of $1,261,000 (2020: $1,112,000) are included within the Statement of Comprehensive Income in Laboratory Operations and Research.

12. OTHER ASSETS

	GROUP	
	2021 ($000)	2020 ($000)
Prepayments	398	509
Security Deposits	159	185
Total Other Assets	**557**	**694**

Prepayments are largely made up of insurance, events, subscriptions and travel not used. Security deposits are paid to secure properties for lease in US and Singapore and to secure credit cards in the US.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

13. PROPERTY, PLANT & EQUIPMENT

ACCOUNTING POLICY

Property, Plant and Equipment are those assets held by the Group for the purpose of carrying on its business activities on an ongoing basis. All Property, Plant and Equipment is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. The cost of purchased assets includes the original purchase consideration given to acquire the assets, and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. This includes the laboratory equipment for the establishment of the laboratories.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income when they occur.

Depreciation

Depreciation of plant and equipment is based on writing off the assets over their useful lives, using the straight line (SL) and diminishing value (DV) basis.

Main rates used are:

Plant and Laboratory Equipment	5% to 40%	DV
Computer Equipment	5% to 60%	DV
Leasehold Improvements	10%	SL
Furniture and Fittings	5% to 25%	DV

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

	Plant & Laboratory Equipment ($000)	Computer Equipment ($000)	Leasehold Improvements ($000)	Furniture & Fittings ($000)	Total ($000)
Cost					
Balance at 1 April 2019	2,307	688	277	326	3,598
Additions	44	35	37	-	116
Disposals	(93)	-	-	-	(93)
Translation Difference	127	41	17	22	207
Balance at 31 March 2020	**2,385**	**764**	**331**	**348**	**3,828**
Balance at 1 April 2020	2,385	764	331	348	3,828
Additions	195	46	29	-	270
Disposals	(244)	(246)	(1)	(22)	(513)
Translation Difference	(143)	(52)	(22)	(27)	(244)
Balance at 31 March 2021	**2,193**	**512**	**337**	**299**	**3,341**
Accumulated Depreciation					
Balance at 1 April 2019	1,883	583	121	242	2,829
Depreciation Expense	79	59	20	15	173
Disposals	(4)	-	-	-	(4)
Translation Difference	103	35	8	20	166
Transfer to/from Right of Use Assets	12	-	-	-	12
Balance at 31 March 2020	**2,073**	**677**	**149**	**277**	**3,176**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

	Plant & Laboratory Equipment ($000)	Computer Equipment ($000)	Leasehold Improvements ($000)	Furniture & Fittings ($000)	Total ($000)
Balance at 1 April 2020	2,073	677	149	277	3,176
Depreciation Expense	118	49	18	4	189
Disposals	(237)	(241)	(1)	(20)	(499)
Translation Difference	(130)	(46)	(11)	(26)	(213)
Balance at 31 March 2021	**1,824**	**439**	**155**	**235**	**2,653**
Carrying Amounts					
At 1 April 2019	424	105	156	84	769
At 31 March 2020	312	87	182	71	652
At 31 March 2021	**369**	**73**	**182**	**64**	**688**

14. INTANGIBLE ASSETS

ACCOUNTING POLICY

Intellectual Property
The costs of acquired Intellectual Property are recognised at cost. All Intellectual Property has a finite life. The carrying value of Intellectual Property is reviewed for impairment, where indicators of impairment exist. Amortisation is charged on a diminishing value basis over the estimated useful life of the intangible assets (1-20 years). The estimated useful life and amortisation method is reviewed at the end of each reporting period.

The following costs associated with Intellectual Property are expensed as incurred during the research phases of a project and are only capitalised when incurred as part of the development phase of a process or product within development assets: Internal Intellectual Property costs including the costs of patents and patent application.

Software Development Costs
Costs associated with the development of software are held at cost. Amortisation is charged on a diminishing value basis over the estimated useful life of the intangible assets (2-10 years). The estimated useful life and amortisation method is reviewed at the end of each reporting period.

Cxblader Development Costs
Costs associated with the development of Cxbladder products are held at cost. Amortisation is charged on a diminishing value basis over the estimated useful life of the intangible assets (20 years). The estimated useful life and amortisation method is reviewed at the end of each reporting period.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

	Software Development Costs ($000)	Patents ($000)	Cxbladder Development Costs ($000)	Total ($000)
Cost				
Balance at 1 April 2019	865	294	33	1,192
Additions	15	53	-	68
Foreign Translation Difference	7	-	-	7
Balance at 31 March 2020	**887**	**347**	**33**	**1,267**
Balance at 1 April 2020	887	347	33	1,267
Additions	40	68	-	108
Foreign Translation Difference	(6)	-	-	(6)
Balance at 31 March 2021	**921**	**415**	**33**	**1,369**
Accumulated Amortisation				
Balance at 1 April 2019	719	226	14	959
Amortisation Expense	74	47	2	123
Foreign Translation Difference	6	-	-	6
Balance at 31 March 2020	**799**	**273**	**16**	**1,088**
Balance at 1 April 2020	799	273	16	1,088
Amortisation Expense	53	55	2	110
Foreign Translation Difference	(6)	-	-	(6)
Balance at 31 March 2021	**846**	**328**	**18**	**1,192**
Carrying Amounts				
At 1 April 2019	146	68	19	233
At 31 March 2020	88	74	17	179
At 31 March 2021	**75**	**87**	**15**	**177**

15. SEGMENT INFORMATION

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

There are two operating segments at balance date:

1. Commercial: The sales, marketing, laboratory and support operations to run the commercial businesses worldwide.
2. Research: The research and development of diagnostic and prognostic products for human cancer.

The reportable operating segment Commercial derives its revenue primarily from sales of Cxbladder tests and the reportable operating segment Research derives its revenue primarily from grant income. The Chief Executive Officer assesses the performance of the operating segments based on net (loss) for the period.

Segment income, expenses and profitability are presented on a gross basis excluding inter-segment eliminations to best represent the performance of each segment operating as independent business units. The segment information provided to the Chief Executive Officer for the reportable segment described above for the year ended 31 March 2021 is shown on the next page.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

2021		Commercial ($000)	Research ($000)	Less: Eliminations ($000)	Total ($000)
Income					
Operating Revenue	- External	7,701	-	-	7,701
	- Internal	-	-	-	-
Other Income		1,224	2,130	(968)	2,386
Interest Income		1	350	-	351
Foreign Exchange Gain / (Loss)		3	(2)	-	1
Total Income		**8,929**	**2,478**	**(968)**	**10,439**
Expenses					
Expenses		14,529	9,730	(968)	23,291
Depreciation and Amortisation		934	437	-	1,371
Total Operating Expenses		**15,463**	**10,167**	**(968)**	**24,662**
Loss Before Tax		**(6,534)**	**(7,689)**	-	**(14,223)**
Income Tax Expense		-	-	-	-
Loss After Tax		**(6,534)**	**(7,689)**	-	**(14,223)**
Net Cash Flows to Operating Activities		**(6,438)**	**(7,132)**	-	**(13,570)**

2020		Commercial ($000)	Research ($000)	Less: Eliminations ($000)	Total ($000)
Income					
Operating Revenue	- External	4,370	-	-	4,370
	- Internal	-	-	-	-
Other Income		376	1,381	(1,173)	584
Interest Income		6	245	(2)	249
Foreign Exchange Gain / (Loss)		-	(5)	-	(5)
Total Income		**4,752**	**1,621**	**(1,175)**	**5,198**
Expenses					
Expenses		15,093	8,740	(1,175)	22,658
Depreciation and Amortisation		1,015	411	-	1,426
Total Operating Expenses		**16,108**	**9,151**	**(1,175)**	**24,084**
Loss Before Tax		**(11,356)**	**(7,530)**	-	**(18,886)**
Income Tax Expense		-	-	-	-
Loss After Tax		**(11,356)**	**(7,530)**	-	**(18,886)**
Net Cash Flows to Operating Activities		**(9,910)**	**(5,475)**	-	**(15,385)**

Eliminations

These are the intercompany transactions between the subsidiaries and the Parent. These are eliminated on consolidation of Group results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Segment Assets and Liabilities Information

2021	Commercial ($000)	Research ($000)	Total ($000)
Total Assets	5,477	25,707	31,184
Total Liabilities	4,529	1,546	6,075

2020	Commercial ($000)	Research ($000)	Total ($000)
Total Assets	2,374	16,954	19,328
Total Liabilities	2,842	1,982	4,824

Additions to Non Current Assets for the period include:

	Commercial ($000)	Research ($000)	Total ($000)
Property, Plant & Equipment	190	80	270
Right-of-Use Assets	2,586	1	2,587
Intangible Assets	40	68	108
Total Additions to Non Current Assets	**2,816**	**149**	**2,965**

The amounts provided to the Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operation of the segment and the physical location of the asset.

There are no unallocated assets or liabilities.

Geographic Split of Revenue and Non-Current Assets

The Group generates most of the operating revenue from Commercial tests from the US and New Zealand, and also receives Grant revenue from the US, Australia, Singapore and New Zealand. Rest of World consists of Revenue from Australia and Singapore.

	2021 ($000)	2020 ($000)
Operating and Grant Revenue		
US	7,677	3,778
New Zealand	2,133	675
Rest of World	277	501
Total Operating and Grant Revenue	**10,087**	**4,954**

The US accounted for 57% of non-current assets (2020: 37%). Non-current assets located in New Zealand accounted for 42% of the Group's total (2020: 61%), with Rest of World consisting of non-current assets in Australia and Singapore, holding 1% of the Group's total (2020: 2%).

	2021 ($000)	2020 ($000)
Non-Current Assets		
US	2,201	885
New Zealand	1,618	1,478
Rest of World	23	49
Total Non-Current Assets	**3,842**	**2,412**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

16. INCOME TAX

ACCOUNTING POLICY

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements in accordance with NZ IAS 12. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

	GROUP	
	2021 ($000)	2020 ($000)
Income Tax recognised in the Statement of Comprehensive Income		
Current Tax Expense	-	-
Deferred Tax in respect of the Current Year	(6,291)	(2,931)
Adjustments to Deferred Tax in respect to Prior Years	512	(451)
Deferred Tax Assets not recognised	5,779	3,382
Income Tax Expense	**-**	**-**
The prima facie Income Tax on Pre-Tax Accounting Profit from operations reconciles to:		
Accounting Loss before Income Tax	(14,223)	(18,887)
At the statutory Income Tax rate of 28%	(3,982)	(5,288)
(Non-assessable Income)/Non-deductible Expenses	(2,760)	2,530
Difference in US, Singapore and Australian Income Tax Rates	451	928
Prior Period Adjustment	512	(451)
Tax Losses Utilised	-	(1,101)
Deferred Tax Assets not recognised	5,779	3,382
Income tax expense reported in Income Statement	**-**	**-**

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Tax Losses

The group has losses to carry forward of approximately $94,400,000 (2020: $84,000,000) with a potential tax benefit of $21,500,000 (2020: $18,000,000). The tax losses are split between the following jurisdictions:

	Tax Losses ($000)	Tax Effect ($000)	Rate
New Zealand	21,800	6,100	28%
Australia	1,800	500	30%
Singapore	1,000	200	17%
United States	69,800	14,700	21%

Tax losses are available to be carried forward and offset against future taxable income subject to the various conditions required by income tax legislation being complied with.

Deferred Research and Development Tax Expenditure

The Group also has deferred research and development tax expenditure of $42,200,000 (2020: $39,600,000) to carry forward and claim for income tax purposes in New Zealand in the future. This has a tax effect of $11,900,000 (2020: $11,100,000). The deferred research and development tax expenditure can either be carried forward and offset against future income arising from the research and development, or subject to meeting the shareholder continuity requirements can be offset against future other taxable income.

Deferred Tax Assets

The Group does not recognise a deferred tax asset in the Balance Sheet.

Imputation Credit Account

The Group has imputation credits of Nil (2020: Nil)

17. PAYABLES AND ACCRUALS

ACCOUNTING POLICY

Trade and Other Payables Due Within One Year

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered to approximate fair value as amounts are unsecured and are usually paid by the 30th of the month following recognition.

	GROUP	
	2021 ($000)	2020 ($000)
Trade Creditors	818	692
Accrued Expenses	411	380
Revenue Received in Advance	-	168
Employee Entitlements (refer below)	1,968	2,030
Total Payables and Accruals	**3,197**	**3,270**

Payables and accruals are non-interest bearing and are normally settled on 30 day terms, therefore their carrying value approximates their fair value.

The foreign currency split for Payables and Accruals is:

	GROUP	
	2021 ($000)	2020 ($000)
NZD	1,025	1,138
AUD	126	97
USD	2,013	1,981
SGD	33	54
	3,197	**3,270**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Employee Entitlements
Employee entitlements are measured at values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

	GROUP	
	2021 ($000)	2020 ($000)
Income Tax	361	237
Holiday Pay	261	563
Accrued Wages	1,346	1,230
Total Employee Entitlements	**1,968**	**2,030**

18. SHARE CAPITAL

ACCOUNTING POLICY

Ordinary shares are described as equity.

Issue expenses, including commission paid, relating to the issue of ordinary share capital, have been written off against the issued share price received and recorded in the Statement of Changes in Equity.

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transactions are set out in Note 8.

	GROUP	
	2021 ($000)	2020 ($000)
Authorised Ordinary Shares	190,305	165,423
Total Share Capital	**190,305**	**165,423**

All fully paid shares in the Group are Authorised and have equal voting rights and equal rights to dividends. All Ordinary Shares are fully paid and have no par value.

Share Capital Group

	2021 Shares (000)	2021 ($000)	2020 Shares (000)	2020 ($000)
Opening Balance	689,652	165,423	510,871	146,403
Issue of Ordinary Shares - Rights Issue and Direct Offers[1]	33,846	22,000	178,027	20,136
Issue of Ordinary Shares - Exercise of share options[2]	3,636	2,636	-	-
Issue of Ordinary Shares - Employee Remuneration[3]	645	284	754	163
Less: Issue Expenses	-	(38)	-	(1,279)
Movement	38,127	24,882	178,781	19,020
Closing Balance	**727,779**	**190,305**	**689,652**	**165,423**

1) During the period 33,846,154 shares were issued under private placements at an average price of $0.65 per share. (2020: 178,026,769, $0.11)
2) During the period 3,635,835 share options were exercised at an average price of $0.41 per share (2020: Nil)
3) During the period 645,182 shares were issued as part of employees remuneration in lieu of cash payments at an average price of $0.44 per share. (2020: 753,994, $0.22)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

19. FOREIGN CURRENCY

ACCOUNTING POLICIES

Foreign Currency Transactions
The individual financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of the Group entity are expressed in New Zealand dollars ('NZ$'), which is the functional currency of the Parent and the presentation currency for the Group financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non monetary items denominated in foreign currencies are translated at the rates prevailing on the date the transaction occurs.

Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Foreign Operations
For the purpose of presenting the Group financial statements, the assets and liabilities of the Group's foreign operations are expressed in New Zealand dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated as a separate component of equity in the Group's foreign currency translation reserve. Such exchange differences are reclassified from equity to profit or loss (as a reclassification adjustment) in the period in which the foreign operation is disposed of.

Foreign Currency Translation Reserve
Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into New Zealand dollars are brought to account by entries made directly to the Foreign Currency Translation Reserve.

20. RECONCILIATION OF CASH USED FROM OPERATING ACTIVITIES WITH OPERATING NET LOSS

	GROUP	
	2021 ($000)	2020 $000
Net Loss for the Period	(14,223)	(18,886)
Add Non Cash Items:		
Depreciation	189	173
Loss on disposal of Property, Plant and Equipment	13	-
Amortisation	110	123
Employee Share Options	1,035	556
Employee Bonuses paid in shares in lieu of cash	284	163
Depreciation on Right of Use Assets	1,073	1,131
Interest on finance leases shown in lease repayments	103	65
Total Non Cash Items	**2,807**	**2,211**
Add Movements in Other Working Capital items:		
(Increase) in Receivables and Other Assets	(2,088)	539
Decrease in Inventory	6	46
Increase (Decrease) in Payables and Accruals	(71)	698
Effect of exchange rates on net cash	(1)	7
Total Movement in Other Working Capital	**(2,154)**	**1,290**
Net Cash Flows to Operating Activities	**(13,570)**	**(15,385)**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

21. FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Foreign Currency Transactions
Financial instruments include cash and cash equivalents, short term deposits, receivables, security deposits, finance lease liabilities and trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Managing Financial Risk
The Group's activities expose it to the financial risks of changes in interest rate risk, credit risk, liquidity risk and foreign currency risk.

Management is of the opinion that the Company and Group's exposure to market risk during the period and at balance date is defined as:

Risk Factor	Description
(i) Currency risk	Financial assets and financial liabilities are denominated in NZD, USD, AUD, SGD and EUR currencies
(ii) Interest rate risk	Exposure to changes in Bank interest rates resulting in cashflow interest rate risk
(iii) Other price risk	Not applicable as no securities are bought, sold or traded

(i) Foreign Currency Risk
The Group faces the risk of movements in foreign currency exchange rates in relation to the New Zealand dollar. The Group has significant operations in United States Dollars and less significant operations in Australian dollars, Euros and Singapore dollars. As a result of this, the financial performance and financial position are impacted by movements in exchange rates.

The Group manages foreign currency risk by purchasing overseas goods only when necessary and when foreign exchanges are favourable. It will also purchase foreign currency to fund overseas operations based on cash flow forecasts where it can maximise value. There are no formal foreign currency hedges entered into.

A 10% increase or decrease in the foreign currency against the NZD will reduce/increase the loss reported by approximately $130,000 (2020: $40,000) and increase/reduce equity by the same amount.

(ii) Interest Rate Risk
The Group's interest rate risk arises from its cash and equivalents, and short term deposits. Cash and equivalents comprise cash on hand and deposits at call with banks. Short term deposits comprise of term deposits placed with New Zealand banks on fixed rates for different periods of time.

Management regularly review its banking arrangements to ensure it achieves the best returns on its funds while maintaining access to necessary liquidity levels to service the Group's day-to-day activities. The mixture of bank deposits at floating interest rates and short term deposits at different rates over various periods of time mitigate the risk of interest rates being received at less than market rates. The Group does not enter into interest rate hedges.

A 1% increase or decrease in bank deposit interest rates will reduce/increase the loss reported by approximately $219,000 and increase/reduce equity by the same amount (2020: $131,000).

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group incurs credit risk from:

a) Cash and short term deposits;

b) Receivables in the normal course of its business; and

c) Other assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

The Group has no significant concentration of credit risk other than bank deposits with 43.7% of total assets at the ANZ, 19.0% at Heartland Bank, 10.3% at Bank of New Zealand , and 2.6% at Wells Fargo. The Group's cash and short term deposits are placed with high credit quality financial institutions including major banks who have at least a BBB credit rating.

Regular monitoring of receivables is undertaken to ensure that the credit exposure remains within the Group's normal terms of trade. These receivables balances mainly relate to New Zealand customers, and the Australian Government. Refer to note 10 for further details on expected credit losses for receivables.

The Group continues to invoice for every billable test completed in the US, and the billing and reimbursement process continues to maximise the cash that is received by the Group. The Group has included an accrual for tests performed from 1 July 2020 (date at which Cxbladder was included within the LCD and reimbursement commenced) to 31 March 2021 for which payment has not been received by 31 March 2020.

Regular monitoring of other assets is undertaken to ensure that the credit exposure is limited. This is firstly done by determining the credit risk before making security deposits on leased properties and ensuring suppliers are not paid in advance where there is uncertainty in relation to their credit worthiness.

The carrying values of financial assets represent the maximum exposure to credit risk as represented below:

		GROUP	
	Notes	2021 ($000)	2020 ($000)
Cash and Cash Equivalents	9	4,129	1,755
Short Term Deposits	9	19,000	13,029
Trade and Other Receivables (excludes GST)	10	2,824	603
Other Assets (excludes prepayments)	12	159	185
		26,112	**15,572**

Liquidity Risk
Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments as they fall due. Management maintains sufficient cash balances and uses cash flow forecasts to determine future cash flow requirements. The Group does not have any external loans but does have four finance leases.

Payables and Accruals totaling $3,197,000 are due within 3 months of balance date (2020: $3,276,000).

Fair Values
In the opinion of the Directors, the carrying amount of financial assets and financial liabilities approximate their fair values at balance date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

22. RELATED PARTIES

A shareholder, the University of Otago, provided services, including rental space and car parking, to the Group to the value of $340,000 (2020: $276,000). The Group has commitments totaling $267,000 (2020: $208,000) with the University of Otago in the next financial year.

Key Management Compensation

Key management personnel comprise of Directors and the Chief Executive Officers of Pacific Edge Limited and Pacific Edge Diagnostics USA Limited. Also included in the 2021 Year is the Executive Chairman of Pacific Edge Diagnostics USA Limited.

Refer to Note 8 for details of the Incentive Plan that includes key management remuneration.

	GROUP	
	2021 ($000)	2020 ($000)
Salaries and Other Short Term Employee Benefits	1,861	1,332
Share Options Benefits	313	193
Total Employee Entitlements	**2,174**	**1,525**

Directors' Fees

The current total Directors' fee pool for non-executive Directors of Pacific Edge Limited, approved by the shareholders at the Annual Shareholders Meeting on the 16th August 2018 is $302,000 per annum. During the year ended 31 March 2021, David Levison retired from the Board in November 2020, and Anna Stove was appointed to the Board in March 2021. The total amount of fees paid to Directors for the year ended 31 March 2021 was $278,000.

The table below sets out the total fees approved for non-executive Directors of Pacific Edge Limited for the year ended 31 March 2021 based on the positions held:

Position	Quantity 2021	Total Fees Approved 2021	Quantity 2020	Total Fees Approved 2020
Chair	1	$80,000	1	$80,000
Deputy Chair	1	$50,000	1	$50,000
Non-executive Directors	2	$88,000	2	$88,000
US-based non-executive Director	1	$79,000	1	$79,000
Chair Audit & Risk Committee	1	$5,000	1	$5,000
Total Fee Pool		**$302,000**		**$302,000**

23. FINANCE AND OPERATING LEASE COMMITMENTS

ACCOUNTING POLICY

In 2020, the Group has changed its accounting policy for leases and has adopted NZ IFRS 16 Leases.

The group leased various properties and equipment. Rental contracts vary depending on the type of asset being leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement basis

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Pacific Edge Limited, which does not have recent third-party financing
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date
- Any initial direct costs
- Restoration costs.

Right-of-Use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the Right-of-Use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include IT equipment and small items of office furniture.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

Right of Use Assets

	GROUP	
	2021 ($000)	2020 ($000)
Cost		
Opening Balance	**2,518**	
Assets recognised on Initial Transition - previously Operating Assets	-	1,598
Assets recognised on Initial Transition - previously under a Finance Lease	-	223
Additions	2,588	1,078
Removals (Leases Completed)	(1,227)	
Transfers to Plant, Property and Equipment	-	(155)
Foreign Currency Translation	35	(226)
Closing Balance	**3,914**	**2,518**
Accumulated Depreciation		
Opening Balance	**937**	**-**
Depreciation	1,083	1,131
Transfers to Plant, Property and Equipment	-	(24)
Reversal of Accumulated Depreciation (Leases Completed)	(1,204)	
Foreign Currency Translation	121	(170)
Closing Balance	**937**	**937**
Net Right-of-Use Assets Balance	**2,977**	**1,581**
Right-of-Use Assets Net Book Value		
Buildings	2,624	1,148
Computer Equipment	62	16
Plant and Equipment	291	417
	2,977	1,581
Depreciation		
Buildings	966	1,009
Computer Equipment	18	28
Plant and Equipment	99	94
	1,083	1,131
Expenses relating to Short Term and Low Value Leases	24	22
Total Cash Outflow relating to Leases	**1,250**	**1,211**

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

	GROUP	
Lease Liability	2021 ($000)	2020 ($000)
Opening Balance	**1,554**	**-**
Liabilities Recognised on Initial Transition	-	1,598
Lease Liabilities previously recognised as Finance Leases	-	84
Additions	2,587	1,078
Lease Terminated - Liability Reversed	(26)	
Lease Repayments	(1,262)	(1,210)
Interest Charged	107	65
Foreign Currency Translation	(82)	(61)
Closing Balance	**2,878**	**1,554**
Split by:		
Current Liability	1,098	983
Non-Current Liability	1,780	571
	2,878	**1,554**
The maturity of the Lease Liabilities is as follows:		
Less than one year	1,103	983
One to two years	999	340
Two to three years	595	200
More than three years	181	31
	2,878	**1,554**

24. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

a) Contingent Liabilities

There were no known contingent liabilities at 31 March 2021 (March 2020: Nil). The Group has not granted any securities in respect of liabilities payable by any other party whatsoever.

b) Capital Commitments

There are no capital commitments at 31 March 2021 (March 2020: Nil).

25. COVID-19

Covid-19 has had an impact on the throughput, revenue and expenses of the Group.

In the markets the Group operates in, measures have been employed by Governments in an attempt to limit the spread of the virus. This has restricted the ability for people to visit clinics and have tests performed for the occurrence of bladder cancer. This resulted in reduced throughput quantities for the Group for the twelve months ended 31 March 2021 (94% of the prior corresponding twelve months ended 31 March 2020). The most significant reduction in throughput was seen in the six months to 30 September 2020, with throughput 84% of the throughput for the six months to 30 September 2019. The six months to 31 March 2021 has shown an improvement, with throughput numbers 103% of the prior corresponding six months to 31 March 2020.

Offsetting the reduced throughput from patients visiting clinics has been increased adoption of the unique in-home sampling system which allows patients to perform tests at home, with the results provided to their urologist. The Group has also seen increased sales activity with institutions as they seek alternative methods to treat their patients remotely.

The Group has been able to reduce costs to offset income reductions, and has also received support in the form of Covid-19 relief packages from the Governments in New Zealand, Australia, Singapore and the US.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

26. OTHER SUBSEQUENT EVENTS

There are no other subsequent events.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Independent auditor's report

To the Shareholders of Pacific Edge Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Pacific Edge Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the balance sheet as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the area of half year review procedures. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Description of the key audit matter	How our audit addressed the key audit matter
Determining if a transaction price exists for US revenue recognition The application of NZ IFRS 15: Revenue from contracts with customers (NZ IFRS 15) requires the Directors to apply significant judgement in determining whether revenue can be recognised in advance of the receipt of cash. The Company has two material United States (US) revenue streams: 1) Coverage via Centers for Medicare and Medicaid Services (CMS), and 2) Private Insurance. The significant judgements adopted by the Directors in applying NZ IFRS 15 criteria include determining: • if a contract with the customer exists; • the rights of each party; • payment terms; • whether the contract has commercial substance; and • whether it is probable that the entity will collect the consideration to which it is entitled. In 2020 the above criteria were not met in full. The Company has previously experienced significant variability in the price it receives for its tests and has not had sufficient certainty over whether it would be paid for tests performed. Hence US revenue was recognised upon receipt of cash. In July 2020, the Company received Local Coverage Determination ("LCD") for CMS. This determination created a set price for the Company's tests of US$760 per test from July 2020. This establishes a clear transaction price for the tests. This transaction price, along with a history of payment, satisfies the NZ IFRS requirements for revenue recognition.	Our audit procedures included the following: We obtained an understanding of management's processes and controls for the CMS and Private Insurance US revenue streams. To assist in our understanding, we obtained the SOC1 System and Organization Controls Report for the external billing reimbursement service organisation. We evaluated management's determination of whether a contract with customers existed by: • Inspecting documentation supporting the contractual process and basis for engagement of patients (customers) in the US; • Discussing the process for engaging patients with New Zealand and US based management to reconfirm the facts that support an accrual or cash-based revenue recognition conclusion; • Assessing the supporting documentation provided by management to illustrate the variation in payment terms by customer; • Assessing the data supporting the change in revenue recognition for CMS and Medicare Advantage to confirm that the transaction price can be determined, and collectability is probable; • Performing subsequent receipt testing to validate the probability of collection; • Considering the payment terms and the probability of recovery of outstanding balances based on the history of past collections. This included assessing management's conclusion on whether it is probable that the entity will collect the consideration; and • Evaluating the application of NZ IFRS 15 against technical guidance and the accounting standards. We have no matters to report from the procedures performed above.

Accordingly, US derived revenue for tests performed from 1 July 2020 to 31 March 2021 for CMS and Medicare Advantage has been recognised in advance of cash being received. Revenue for these customers is recognised when the tests are performed.

All other US derived revenue is accounted for on a cash receipts basis as disclosed in Note 5.

Due to the significance of the judgements applied by the Directors, we determined this area to be a key audit matter.

Our audit approach

Overview

Overall group materiality: $240,000, which represents 1% of total expenses.

We chose total expenses as the benchmark because, in our view, given the losses incurred to date and the current focus on revenue growth, in our judgement, total expenses provides a more stable basis for calculating materiality, and is a generally accepted benchmark.

We selected transactions and balances to audit based on their materiality to the Group rather than determining the scope of procedures to perform by auditing only specific subsidiaries or business units.

As reported above, we have one key audit matter, being:

- Determining if a transaction price exists for US revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the consolidated financial statements
The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to
This report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Maxwell John Dixon.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
Dunedin, New Zealand
26 May 2021

CORPORATE GOVERNANCE

Strong governance is fundamental to the performance of Pacific Edge Limited (Company or Pacific Edge) and Pacific Edge's Board is ultimately responsible for ensuring that the Company and its subsidiaries (the Group) maintain high ethical standards and corporate governance practices.

Pacific Edge is committed to maintaining the highest standards of governance. It does this by ensuring that its corporate governance practices are in line with best practice and the NZX Corporate Governance Code (NZX Code). The Board believes that during FY21, Pacific Edge's governance practices are appropriately aligned with the NZX Code. Any exceptions are identified where appropriate under Principles 1 to 8 below.

The key corporate governance documents referred to in this report are available on Pacific Edge's website https://www.pacificedgedx.com/investors/governance/.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Pacific Edge maintains high standards of ethical behaviour and has both a Directors' Code of Ethics and an Ethical Behaviour Policy for employees of the Company, setting out the standards that each Director or employee must adhere to whilst conducting their duties. The Code and Policy are reviewed every two years.

Code of Ethics

General principles within both Policies include (but are not limited to) requiring all Directors and employees to:

- Act honestly and with personal integrity in all actions
- In the case of Directors, give proper attention to the matters before them and exercise their powers and duties with a due degree of care and diligence
- Not make improper use of information acquired as a Director or employee, or of assets or resources of the Company
- Comply with Company policies at all times.

In particular, the Code and Policy cover conflicts of interest, gifts, confidentiality, behaviour and proper use of assets and information. Pacific Edge's policy is that donations are not made to any political parties.

Employees are encouraged to report any breaches. Pacific Edge has a Speak Up Policy that is designed to ensure its employees and contractors are aware and encouraged to raise concerns regarding actual or suspected wrong doing with regards to ethical, clinical, professional and legal standards in a safe, supported and protected environment.

Processes have been established to ensure all employees and contractors are aware of and understand these Policies.

Share Trading Policy

Pacific Edge's Board and management are committed to ensuring compliance with all regulatory market requirements. Pacific Edge's Share Trading Policy, which applies to all employees and Directors but has additional trading restrictions applying to Directors and Senior Managers, is a core component of this commitment. Details of Directors' share dealings are set out on page 83 of this report.

These policies were most recently reviewed and updated in 2020.

PRINCIPLE 2: BOARD COMPOSITION & PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Pacific Edge's Board operates under a written Board of Directors' Charter (Charter) which sets out the roles and responsibilities of the Board (and clearly distinguishes and discloses the respective roles and responsibilities of the Board and management). The focus of the Board is the creation of company and shareholder value and ensuring the Company is committed to best practice. The Charter is reviewed at least every two years and was last reviewed by the Board in June 2020.

Responsibility for the day-to-day management of Pacific Edge has been delegated to the Chief Executive Officer (CEO) and other Senior Management. Management is responsible for implementing the objectives and strategies approved by the Board, through a set of delegated authorities.

CORPORATE GOVERNANCE

The primary responsibilities of the Board include:

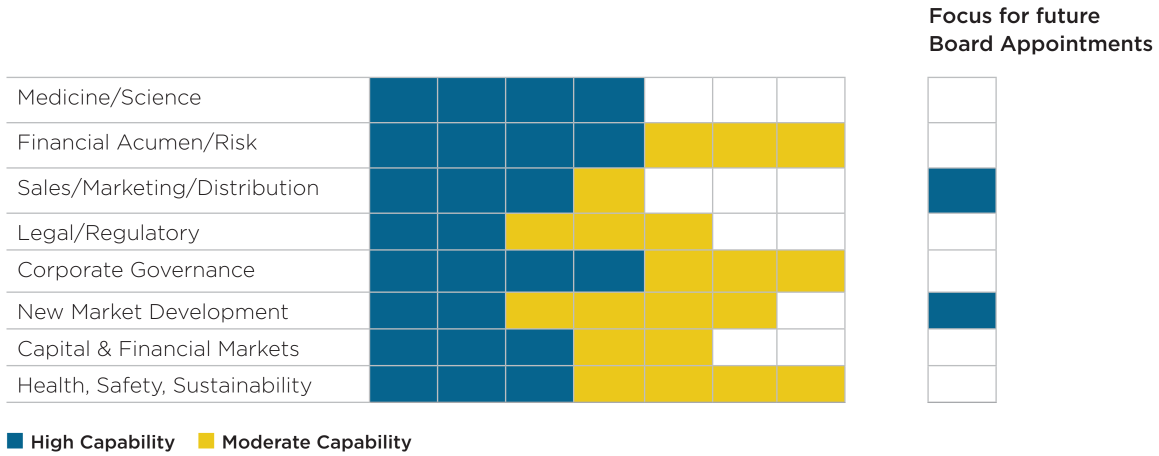
- Overall governance and providing strategic leadership
- Ensuring compliance with the Company's constitution
- Setting clear goals for the Company, ensuring that there are appropriate strategies in place for achieving those goals
- Monitoring the Company's performance against its approved strategic, business and financial plans
- Aappointment of the Chair and CEO
- Eensuring that the Company follows high standards of ethical and corporate behaviour
- Ensuring that the Company has appropriate risk management policies in place
- Appointing the Company auditors and setting the annual auditor's fees.

As at 31 March 2021, the Board was comprised of five non-executive independent Directors as well as the CEO. David Levison stepped down from the Board on 19 November 2020 to take up the role as Executive Chair of PEDUSA; and Anna Stove was appointed as an independent Director on 15 March 2021. Subsequent to year end, Mark Green was appointed as an independent Director on 10 May 2021.

The Chairman is an independent Director who is elected by the Directors. The Chairman and the CEO roles are not executed by the same individual.

All Directors have written agreements with the Company, setting out the terms of their appointment.

Directors are selected on the basis of the diversity of skills needed as defined by the Company's skills matrix taking into account the composition of the Board in relation to the Company's needs and operating environment. The Board considers that its members currently have the appropriate balance of independence, skills, knowledge, experience and perspectives necessary to lead Pacific Edge.



Details of each Director, along with their experience, length of service, independence and ownership interests and attendance at Board meetings is included in this Annual Report. Director Profiles are available on the Company's website.

Nomination and Appointment of Directors

The procedure for the nomination and appointment of Directors to the Board is sent out in the Charter. While the nomination process for new Director appointments is the responsibility of the Board as a whole, the Nomination Committee is responsible for identifying, reviewing and recommending candidates to the full Board. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates. The Company undertakes proper checks before appointing a Director and putting forward a candidate for election as a Director. Key information is provided to shareholders when a Director stands for election or re-election.

Directors will retire and may stand for re-election by shareholders at least every three years, in accordance with the NZX Listing Rules. A Director appointed since the previous annual meeting holds office only until the next annual meeting but is eligible for re-election at that meeting.

CORPORATE GOVERNANCE

The Board asks for Director nominations each year prior to the Annual Shareholders Meeting, in accordance with the constitution of the Company and the NZX Listing Rules.

Induction and Professional Development

Newly elected Directors undergo a formal induction programme to ensure they have working knowledge of our business. This includes one-on-one meetings with management and a tour of the laboratory and R&D facilities. They are expected to familiarise themselves with their obligations under the Constitution, Board Charter, Committee Charters, other key governance policies and the NZX Listing Rules. Training is also provided to new and existing Directors where required to enable Directors to understand their obligations.

The Company encourages all Directors to undertake appropriate training and education so that they may best perform their duties. This includes attending presentations on changes in governance, legal and regulatory frameworks; attending technical and professional development courses; and attending presentations from industry experts and key advisers. Additional industry related training is provided by Pacific Edge on a regular basis.

Board Performance

The performance of the Board is reviewed periodically to assess the performance of each Director, each Committee and the Board as a whole. The most recent evaluation of Board performance was undertaken in March 2019, with a review planned for the FY22 year. The Chair of the Board also regularly engages with individual Directors to evaluate and discuss performance and professional development. A review of the performance of the Audit and Risk Committee was completed during FY21.

Diversity

Pacific Edge is committed to bringing diversity to life in its employment practices and across all aspects of the business.

The Board and Company believe in providing equality of opportunity in employment, irrespective of age, ethnic or national origin, gender, sexual orientation, family circumstances, disability, religious or ethical belief, or economic background.

The Diversity Policy was reviewed and updated in FY21. It outlines Pacific Edge's approach towards diversity. While no measurable targets have been set for diversity, there is a clear commitment to take affirmative action to increase diversity across a number of factors. During 2020 and to date 2021, this commitment to achieving increased diversity was demonstrated in:

- Increased female representation on the Board from 16% (one of six) at March 2020 to 29% (two of seven) by May 2021
- Supported diversity of gender and ethnicity amongst employees. Out of the 13 new staff appointed in New Zealand in FY21:
  - 7 Female
  - 6 Male
  - 8 different nationalities
- Improved gender ratio at the leadership level with the addition of Demi Stefanova to the Senior Leadership team as Chief Operating Officer (effective from 21 June 2021).

The Board has oversight of employment practices and HR processes and practices and is comfortable that these are in line with the intent of the Diversity Policy.

The Officers of the Company (as defined by the NZX Listing Rules) are the CEO and specific direct reports of the CEO having key functional responsibility. As at 31 March 2021, females represented 33% of Directors and Officers of the Company (FY20: 22%).

As at 31 March 2021	FY21 Male	FY21 Female	FY20 Male	FY20 Female
Directors excluding the CEO	3	2	4	1
Officers* including the CEO	5	2	3	1

*Officer (NZX): Under the Listing Rules "officer" means a person who is concerned or takes part in the management of an Issuer and either reports directly to the Board of the issuer or reports directly to a person who reports directly to the Board of the Issuer.

CORPORATE GOVERNANCE

PRINCIPLE 3: BOARD COMMITTEES

"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

The Board has delegated a number of its responsibilities to Committees to assist in the execution of the Board's responsibilities. These Committees review and analyse policies and strategies which are within their terms of reference.

Committee members are appointed from members of the Board with membership reviewed on an annual basis. Committees examine proposals and, where appropriate, make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

Management may only attend Committee meetings at the invitation of the Committee.

The current Committees of the Board are the Audit & Risk Committee, Nomination Committee, Remuneration Committee and Capital Committee.

The Committees have terms of reference (Charters), which are reviewed and approved by the Board. All Charters are reviewed at least every two years. These are available on the Company's website.

Committee Membership as at 31 March 2021

Audit & Risk Committee	Remuneration Committee	Capital Committee	Nominations Committee
Sarah Park (Chair) Anatole Masfen Chris Gallaher	Bryan Williams (Chair) Chris Gallaher	Anatole Masfen (Chair) Chris Gallaher Sarah Park Dave Darling	Chris Gallaher (Chair) Bryan Williams Sarah Park

David Levison stepped down from the Audit & Risk Committee and Remuneration Committee on 19 November 2020.

Subsequent to 31 March 2021: Anna Stove was formally appointed to the Remuneration Committee and Nominations Committee on 21 April 2021. Sarah Park stood down from the Nomination Committee on 21 April 2021. Mark Green was appointed to the Capital Committee and the Audit & Risk Committee on 1 June 2021.

Director Meeting Attendance

The Board meets as often as it deems appropriate including sessions to consider the strategic direction of Pacific Edge and forward-looking business plans. Video and/or phone conferences are also used as required.

The table below sets out Director attendance at Board and Committee meetings during FY21.

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee	Capital Committee
Chris Gallaher	12/12	6/6	1/1	2/3	7/7
Dave Darling	11/12	6/6	-	1/3	7/7
David Levison[1]	9 /9	2 /3	-	3/3	1 /5
Anatole Masfen	12/12	6/6	-	-	7/7
Bryan Williams	12/12	6/6	1/1	3/3	2/7
Sarah Park	12/12	6/6	1/1	-	7/7
Anna Stove[2]	1 /1	-	1/1	-	-

[1] David Levison stepped down from the Board on 19 November 2020 to take up the role of Executive Chair of PEDUSA

[2] Anna Stove was appointed to the Board on 15 March 2021.

CORPORATE GOVERNANCE

Audit & Risk Committee

Pacific Edge's Audit & Risk Committee is comprised solely of Directors of the Company, with all members being independent Directors. As at 31 March 2021, there were three members of the Audit & Risk Committee with all having an accounting or financial background. The Chair of the Audit and Risk Committee is not the Chair of the Board.

As per the Audit & Risk Committee Charter, the responsibilities of the Audit & Risk Committee include providing oversight in four distinct areas (Governance, Financial Reporting, Audit Functions and Risk Management Functions) and include as a minimum:

- Ensuring that management has established a risk management framework which includes policies and procedures to effectively identify, treat, monitor and report key business risks
- Ensuring that the processes are in place and monitoring of those processes so that the Board is properly and regularly informed and updated on corporate financial matters
- Recommending annually to the Board the appointment of the independent auditor
- Monitoring and reviewing the independent and internal auditing practices
- Having direct communication with and unrestricted access to the independent auditors and any internal auditors or accountants
- Ensuring the integrity of financial reporting, including reviewing the financial statements and advising all Directors whether they comply with the appropriate laws and regulations
- Ensuring that the external auditor or lead audit partner is changed at least every five years.

Directors who are not members of the Committee are able to attend Audit & Risk Committee meetings as they wish. Employees may only attend those meetings at the invitation of the Audit & Risk Committee.

Nomination Committee

The Board has established a Nomination Committee to recommend Director appointments to the Board. The Nomination Committee operates under a written Charter. All members of the Nomination Committee are independent Directors.

Remuneration Committee

The Board has a Remuneration Committee to recommend the remuneration for Directors to the shareholders and the remuneration of the CEO and Officers/Senior Managers of the Company. The Remuneration Committee operates under a written Charter. All members of the Remuneration Committee are independent Directors. The CEO has a standing invitation to attend meetings but does not participate in any discussions concerning the CEO's remuneration. Management other than the CEO only attend Remuneration Committee meetings at the invitation of the Committee.

The Remuneration Committee is responsible for ensuring that the Company has a sound Remuneration Policy to attract and retain high performing individuals. The Remuneration Policy is available on the Company's website.

Capital Committee

The Board has a Capital Committee to provide direction and oversight; and make recommendations to the Board and to act on matters pertaining to the Company's capital position. The Capital Committee operates under a written Charter.

Other Committees and Takeover Protocol

The Board establishes other Committees as required. In the case of a takeover offer, Pacific Edge will form an Independent Takeover Committee to oversee disclosure and response, and engage expert legal and financial advisors to provide advice on procedure. The Board has established appropriate processes and protocols that set out the procedures to be followed if there was to be a takeover offer made for the Company.

CORPORATE GOVERNANCE

PRINCIPLE 4: REPORTING & DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Continuous Disclosure

The Board focuses on providing accurate, adequate and timely information both to its shareholders and to the market generally. This enables all investors to make informed decisions about the Company. All significant announcements made to NZX, and reports issued, are posted on the Company's website.

The Company has procedures in place to ensure that it complies with its continuous disclosure requirements under the NZX Listing Rules. The Continuous Disclosure Policy governs the release to the market of all material information that may affect the value of the Company.

Company Policies

Copies of the key governance documents, including the Continuous Disclosure Policy, Ethical Behaviour Policy, Share Trading Policy, Board and Committee Charters and Diversity Policy are available on the Company's website.

https://www.pacificedgedx.com/investors/governance

Financial Reporting

Pacific Edge's management team is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies, and internal controls. These are designed to ensure compliance with accounting standards and applicable laws and regulations.

The Audit & Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Pacific Edge's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

The CEO and CFO have confirmed in writing to the Board that Pacific Edge's external financial reports present a true and fair view in all material aspects. Pacific Edge's full and half year financial statements are available on the Company's website.

The Chief Financial Officer holds the role of Company Secretary. In all accounting and secretarial matters, the Board ensures that the Secretary's reports are objective and that the Secretary has unfettered access to the Chair and the Audit and Risk Committee, without reference to the CEO.

Non-Financial Reporting

Non-financial information is provided on a regular basis to shareholders to allow them to measure the progress of the company. Pacific Edge's Board and management have commenced a project focused on identifying areas which are of primary importance to creating a sustainable business, achieving strategic goals and meeting the expectations of key stakeholders.

Pacific Edge discusses its strategic objectives and its progress against these in the Chair and CEO's commentary in shareholder reports. Key non-financial metrics used by Pacific Edge to demonstrate its progress are Laboratory Test Throughput and Commercial Test volumes.

CORPORATE GOVERNANCE

PRINCIPLE 5: REMUNERATION

"The remuneration of Directors and Executives should be transparent, fair and reasonable."

Directors' Remuneration

The Company has a Remuneration Policy which outlines the processes and framework for remuneration of the Chairperson, the Directors, the CEO and management. The Remuneration Committee is responsible for recommending to the Board the remuneration for the Chair, Directors and Officers. Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner.

External advice is sought on a regular basis to ensure remuneration is benchmarked to the market for senior management positions, Directors and Board positions. The last review of Director remuneration was undertaken in July 2018.

Further details on remuneration are included in the Remuneration Section of this Annual Report, including the remuneration arrangements in place for the CEO, on pages 77 to 79.

While there is no formal requirement to do so, the majority of Pacific Edge's Directors own shares in the company, either directly or through related interests. There is provision for the Company to make a retirement payment to a Director if approved by shareholders; however, no retirement payments were made in FY21.

PRINCIPLE 6: RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The Board is responsible for ensuring that appropriate policies and procedures are in place to identify and manage the key risks of the Company, which is managed through the Audit & Risk Committee. The Audit & Risk Committee operates in line with its Charter, which sets out its responsibilities for identifying, monitoring, treating and reporting on key business risks.

The executive team and senior management are required to regularly identify the major risks affecting the business, record them in the risk register and develop structures, practices and processes to manage and monitor these risks.

A comprehensive review of the risk register was completed in 2020 and incorporated risk mitigation strategies, processes and policies. A review is scheduled to be completed annually. Management continue to monitor individual risks, as do the Board, with the risk register discussed at scheduled Board meetings, with a focus on any changes and emerging risks and opportunities.

Pacific Edge maintains insurance policies that it considers adequate and practicable to meet its insurable risks.

The Board is satisfied that Pacific Edge has in place a risk management framework to effectively identify, manage and monitor Pacific Edge's principal risks to the extent practicable.

Pacific Edge's material risks and how these are being managed are outlined and discussed in the Risk Analysis on pages 80 and 81.

Health and Safety

The Company takes responsibility, so far as is reasonably practicable, at all its sites to protect the health, safety and welfare of all staff and people on Company sites, and acts in compliance with all of its legal and ethical obligations.

Pacific Edge aims to proactively identify and manage all identified hazards across the Company. The Company's health and safety performance is monitored and reviewed regularly by management, the Board and is audited externally. The Company's goal is to maintain a safe and effective operating environment and takes its duty of care to staff, contractors and visitors very seriously.

During Covid-19, the Company operated as an 'Essential Business'. Covid-19 operating protocols utilised two separate operations teams where only one team was on site at any one time, and required safe distancing, additional cleaning and sanitisation of all operating surfaces on a regular basis. Remote working was enabled for all other employees.

CORPORATE GOVERNANCE

There were no serious harm incidents reported during FY21 and no days lost to workplace incidents at any Company site. In addition, there were no serious hazards identified across the Group.

PRINCIPLE 7: AUDITORS

"The Board should ensure the quality and independence of the external audit process."

External Auditors

The Board's relationship with its external auditors is governed by the Audit & Risk Committee Charter. The Charter sets out the Audit & Risk Committee's responsibilities in relation to corporate accounting and reporting practices of the Company, along with the quality and integrity of financial reports. It is the responsibility of the Audit & Risk Committee to maintain free and open communication between the Directors and external auditors and to approve any non-audit engagements performed by the audit firm.

For FY21, PricewaterhouseCoopers (PwC) was the external auditor for Pacific Edge Limited. PwC was re-appointed under the Companies Act 1993 at the 2020 Annual Shareholders Meeting. The last audit partner rotation was in FY21 with the next rotation due no later than FY26.

All audit work at Pacific Edge is separated from non-audit services, to ensure that appropriate independence is maintained. The Audit and Risk Committee review and approve the nature and scope of other professional services (if any) provided to the Company by the external auditor and consider the relationship to the auditor's independence. PwC only provided audit work in FY21. The amount of fees paid to PwC during FY21 are identified on page 39.

The Audit and Risk Committee is responsible for monitoring the performance and independence of the external auditor.

PwC has provided the Audit & Risk Committee with written confirmation that, in its view, it was able to operate independently during the year.

PwC attends each Annual Meeting of the Company, and the lead audit partner is available to answer questions from shareholders at that Meeting. PwC attended the 2020 Annual Meeting.

Internal Audits

Internal audits are used as a tool for the systematic and independent examination of Pacific Edge's operational processes as they relate to product and service provision.

Pacific Edge conducts internal audits at planned intervals to verify that its Quality Management System is effectively implemented and maintained and provides continuous improvement opportunities in system processes. This also ensures compliance with the requirements of its International Standard, ISO9001:2015 certification, which was awarded in November 2017 and reassessed annually by an external body for continued certification.

PRINCIPLE 8: SHAREHOLDER RIGHTS & RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Shareholder Communications

Pacific Edge is committed to ensuring that its shareholders are kept up to date with key activities and are provided with relevant information about the Company and its performance.

The Company communicates with shareholders during the financial year through shareholder newsletters, annual and half year reports and at the Annual Shareholders Meeting (ASM). All written communications and reports are available on the Company's website, as well as emailed to shareholders who elect to be emailed. All shareholders are given the option to elect to receive electronic communications from the Company.

In addition to shareholders, Pacific Edge has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community and the New Zealand Shareholders' Association, as well as its staff, suppliers and customers.

CORPORATE GOVERNANCE

Equity Capital Raise July 2020

All shareholders are given the option to elect to receive electronic communications from the Company. In addition to shareholders, Pacific Edge has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community and the New Zealand Shareholders' Association, as well as its staff, suppliers and customers.

In July 2020, the Company accepted an investment offer of $22 million from ANZ New Zealand Investments. The capital was preferred to a pro-rata issue as it added further depth to the Company's share register and was at a 14% premium to the VWAP calculated for the prior 5 day trading days. The funds provided the Company with growth capital to accelerate commercial progress and allowed Pacific Edge to further execute on its future growth opportunities, thereby adding value for all shareholders.

Shareholder Meetings

In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of the Company. Each shareholder has one vote per share and voting is conducted by polls.

The notice of the Annual Meeting is announced on the NZX, sent to shareholders and posted on to the Company's website at least 20 working days prior to the Meeting each year. Due to the Covid-19 environment, the Board took the prudent step to hold the 2020 ASM online only. The ASM is streamed live and is accessible worldwide.

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

REMUNERATION

The Pacific Edge Limited Remuneration Committee operates as a sub-committee under the guidance of the Board of Directors to ensure the remuneration framework that is in place is appropriate to attract, retain and reward current and future employees of the Pacific Edge Group. The Remuneration Committee ensures that individual employee performance is aligned to the strategy and performance of the Company along with the interests of the shareholders.

DIRECTORS' REMUNERATION

The maximum total monetary sum payable by the Company by way of non-executive Directors' fees is $302,000 per annum, as approved by shareholders at the 2018 annual shareholders' meeting. Executive Directors do not receive Directors' fees. Any proposed increases in non-executive Director fees and remuneration will be put to shareholders for approval at the Annual Shareholders Meeting by way of ordinary resolution. If independent advice is sought by the Board, it will be disclosed to shareholders as part of the approval process.

The approved Directors' fees per annum are as follows:

Board of Directors	**FY21**
Position	Total Allowable Fees per annum (NZ$)
Chair	80,000
Deputy Chair	50,000
US Based Director	79,000
Other Directors (x2)	44,000
Chair Audit & Risk Committee	5,000

The Board recognised that there is a disparity between the market rates paid in the US and New Zealand for suitably qualified Directors. Accordingly, to attract a suitably qualified US person, the Company needed to pay US market rates. The Board took advice and determined that the appropriate fee for a US based Director in 2018 was NZ$79,000 per annum. Pacific Edge had one US based Director, David Levison, who stepped down from the Board on 19 November 2020 to take up the role as Executive Chair of PEDUSA.

Directors also receive reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing their duties. Other than as Chair of the Audit and Risk Committee, Directors do not receive any additional fees for positions on Committees of the Board or subsidiary companies. Directors fees exclude GST, where applicable.

During the year ended 31 March 2021, the number of non-executive Directors of Pacific Edge started and ended at five, with David Levison stepping down in November 2020, and Anna Stove being appointed to the Board in March 2021. Subsequent to 31 March 2021, Mark Green was appointed to the Board as an independent Director on 10 May 2021.

Non-executive Directors received the following Directors' fees from the Company in the year ended 31 March 2021:

Directors' Fees	**FY21 (NZ$000)**	**FY20 (NZ$000)**
Pacific Edge Limited Board		
C. Gallaher (Chair)	80	80
A. Masfen	44	44
A. Stove	2	-
S. Park (Chair Audit and Risk Committee)	49	49
B. Williams (Deputy Chair)	50	50
D. Levison (USA) (resigned 19 Nov 20)	53	79
J. Duncan (appointed 30 Apr 19; resigned 2 Oct 19)	-	19
Total	**278**	**321**

REMUNERATION

CHIEF EXECUTIVE OFFICER REMUNERATION

The review and approval of the CEO's remuneration is the responsibility of the Board. The CEO's remuneration comprises:

- A fixed base salary, including Kiwisaver contributions by the Group
- An at risk short term incentive (STI) payable annually of up to 40% of the base salary subject to agreed upon criteria in the areas of health and safety, staff engagement, profitability and cashflow
- An at risk STI payable on attainment of agreed upon commercial milestones
- A long term incentive (LTI) which includes non-cash share options granted by the Company that will vest, based on vesting criteria, over four years after the grant date.

The remuneration of the Chief Executive Officer (CEO) for the period ended 31 March 2020 and 31 March 2021 has been broken down between cash remuneration and non-cash remuneration, as follows:

	Fixed remuneration (salary and Kiwisaver) (NZ$000)	STI Cash (NZ$000)	STI % achieved	Total cash remuneration (NZ$000)
FY21	390	231*	75%	**621**
FY20	393	39*	50%	**432**

*STI Cash for FY21 includes STI relating to the FY20 year paid in FY21 ($56,000), plus STI on the achievement of the milestones of obtaining coverage from the Centers for Medicare & Medicaid Services and signing the commercial contract with Kaiser Permanente.

Non-Cash Remuneration

During FY21, the CEO was granted 750,000 share options at $0.22 per share, which vest based on vesting criteria between 2021 and 2023. The non-cash expenditure related to these share options, along with options issued prior to FY20 which are continuing to vest, included in the FY21 financial statements is $183,000 (2020: $140,000). In order to convert these options to ordinary shares, the CEO will be required to pay to Pacific Edge the price of $0.22 per share, totalling $165,000, if all options are exercised.

During the FY21, the CEO was issued 126,798 ordinary shares for in consideration of performance as an employee of the Company, in lieu of bonus and in addition to salary. These shares had a present value of $55,791 being $0.44 per share. These shares relate to 75% of the $75,388 STI available to be issued in ordinary shares, agreed for the FY20 year that were unpaid at the end of the FY20.

EMPLOYEE REMUNERATION

Employee Remuneration consists of a fixed salary and on an employee by employee basis may also include variable or "at-risk" remuneration.

Fixed remuneration includes an individual's base salary, for core responsibilities, capability and performance, along with any superannuation scheme contributions by the Group and any other health or disability benefits provided by the Group. The base salary is benchmarked to the market.

Variable remuneration includes:

- short term incentives that are linked directly to the Company's performance and designed to reward permanent employees for Company successes and high performance across any given year. Short term incentives may be paid out in either cash, share options and/or ordinary shares in the Company at the discretion of the Company; and
- long term incentives for selected employees consist of share options, allowing the employee to obtain ordinary shares in the Company. Incentive options typically vest over three years and there is a requirement to remain as an employee of the Company in order for the options to vest. Tranches of options are exercisable over four to ten years from vesting date. No options can be exercised later than the tenth anniversary of the final vesting date. Share options are deemed non-cash remuneration and are accounted for accordingly.

The table on the next page shows the number of employees and former employees of the Group, not being Directors of the Group, who, in their capacity as employees, received remuneration and other benefits during the period ended 31 March 2021 totalling at least NZ100,000. This includes cash remuneration and expenditure related to ordinary shares paid in lieu of cash bonuses and excludes the value of share options that have vested but have not been exercised. The Group operates in New Zealand, Australia, Singapore and the United States where market remuneration levels differ. Of the employees noted in the table below, 76% are employed by the Group outside New Zealand. The offshore remuneration amounts are converted into New Zealand dollars.

REMUNERATION

During the year, 34 employees or former employees of the Group, not being Directors of the Company, received remuneration and other benefits that exceeded NZ$100,000 in value as follows:

Employee Remuneration (NZ$000)	2021	2020
700,000 – 710,000	1	-
670,000 – 680,000	1	-
620,000 – 630,000	-	1
520,000 – 530,000	1	-
500,000 – 510,000	-	1
480,000 – 490,000	1	-
460,000 – 470,000	-	1
440,000 – 450,000	1	-
430,000 – 440,000	-	1
370,000 – 380,000	-	1
360,000 – 370,000	-	1
340,000 - 350,000	1	-
330,000 - 340,000	-	2
320,000 - 330,000	-	1
310,000 - 320,000	1	2
300,000 - 310,000	1	-
290,000 - 300,000	1	1
280,000 - 290,000	1	1
270,000 - 280,000	-	2
260,000 - 270,000	1	1
250,000 - 260,000	1	1
240,000 - 250,000	2	1
230,000 - 240,000	3	1
220,000 - 230,000	2	2
200,000 - 210,000	2	-
180,000 - 190,000	2	1
170,000 - 180,000	1	1
160,000 - 170,000	2	-
140,000 - 150,000	1	1
130,000 - 140,000	1	2
120,000 - 130,000	-	3
110,000 - 120,000	1	1
100,000 - 110,000	3	4
	34	**34**

The table above includes both fixed and variable cash remuneration as described above, including base salaries, superannuation contributions, contributions to health and disability plans and cash-based short-term incentives. The table above excludes any non-cash long-term incentives that have vested but have not been exercised.

DIRECTORS AND OFFICERS INSURANCE

In accordance with the Companies Act 1993 and the constitution of the Company, Pacific Edge indemnifies and insures its Directors and Officers, including Directors and Officers of subsidiary companies within the Group, in respect of liability incurred for any act or omission in their capacity as a Director or Officer of the Company. This insurance includes defence costs. If an act or omission was to occur that was covered by this insurance, the Company would pay the liability of the act or omission and be reimbursed by the insurer.

RISK ANALYSIS

As a growth company, there are a number of risks which could impact business. We believe it is important for our shareholders to have an understanding of these risks and the processes the Board and management have put in place to mitigate these risks.

The Board provides oversight of the senior leadership's management of key risks. The Audit & Risk Committee reports to and assists the Board by reviewing the key risks, assessing their materiality, ensuring the risk management processes are adequate, the Board has reliable information and future events that may create uncertainty or pose a risk are identified and considered.

The Covid-19 pandemic had an impact on throughput, revenue, and expenses of the Group in FY21 and remains a risk to the business for the foreseeable future. It adversely impacted the ability for people to visit clinics and have tests performed, our access to physicians, the growth in throughput in the US and interrupted User Programmes and clinical studies in other geographies. While we are starting to see a pickup in momentum of US lab throughput, the Covid-19 crisis continues to evolve, particularly in the US. The extent to which it will impact our business will depend on future developments, which are uncertain, unpredictable and likely to vary between geographies. The Group was able to reduce costs to offset income reductions and has also received support in the form of Covid-19 relief packages. It has also taken a number of actions to mitigate Covid-19 related operational risks such as supply chain risk as outlined below.

Risk	Mitigation
Market disruption negatively impacts sales volumes	Multiple market and product exposure limits downside and as we introduce additional products in new areas, we will limit our exposure to any potential geographic or product market disruption.
	Greater control in the key US market through our wholly owned subsidiary, Pacific Edge Diagnostics USA Ltd. Our experienced US based management and sales personnel and our US laboratory enables PEB to continue its sales and commercialisation activities despite travel restrictions to/from NZ.
	Addition of in-home-sampling enables continuation of tests during disruption caused by inability of patients to visit clinics.
	Strengthened balance sheet with strong cash reserves provides ability to continue to operate during disruption.
Manufacturing disruption negatively impacts our ability to operate and /or meet our User Experience standards	We have CLIA certified laboratories in both USA and New Zealand able to provide backup if one laboratory is disrupted, providing test performance continuity.
	Dedicated supply chain logistics manager and alternative suppliers validated which has maintained consumables' supplies during the Covid-19 pandemic.
	Insurance policies in place and reviewed regularly including business continuity.
Key person risk – loss of key capability at short notice	We have current succession plans for key staff, and have cross training for key roles.
	Recruitment process for a new Chief Executive Officer is in progress and is assisted by the 12-month notice period provided by the current Chief Executive Officer.
	Appropriate remuneration with a mix of short and long term incentives including share options.
A decline in acceptance of our products by the medical community and funders/third party payers	Clinical studies have validated our test results.
	We have dedicated specialists working in Accounts and Payer Relationships.
	We have negotiated agreements in place with major payment facilitators.
	We are building strong relationships and have negotiated a number of agreements with third party payers and funders.
	Our User Programmes are a key ingredient in driving adoption by clinicians.
	We are investing in growing the sales and marketing presence in the USA and gaining momentum in New Zealand, Australia, and Singapore to offset the single market risk.

RISK ANALYSIS

Risk	Mitigation
Competitor activity	We have yet to see any successful commercial competition in the bladder cancer diagnostic field from new molecular diagnostics.
	We hold the lead in clinical validation which has long lead times.
	We are focused on building a strong and loyal customer base around a portfolio of interdependent products.
Intellectual property	We have made great progress in expanding our intellectual property portfolio and having several key patents granted.
Maintaining regulatory compliance in order to market and sell product and maintain market confidence	We have sought advice from experts in the regulatory landscape.
	We are aware of the risks and continuously monitor the regulatory environment for changes that may affect our business.
	We have a successful history of regulatory review in both operating laboratories in New Zealand and the USA.
	We are ISO9001:2015 certified and conduct internal audits at planned intervals to verify that our Quality Management System is effectively implemented and maintained.
Financial failure due to lack of capital	The Company closely manages its capital. It had $23.1m of cash and cash equivalents as at 31 March 2021, which is sufficient to fund operations for at least the next 12 months.
	If we do need to seek additional capital, we have a strong track record of capital raising including $22m of new capital raised from a New Zealand investor in FY21.
	Business milestones have resulted in improved share price, inclusion in the NZX50, and strong investor interest.
	The Board believes we have sufficient funding in place to continue with our strategic plan for the next year and that that trading revenue will be a major contributor to future growth funding.
	Credit risk mitigated by spreading cash and short-term deposits between high quality financial institutions.
Billable test volume growth slows impacting revenue generation	We would reasonably expect revenue to grow as we expand our commercial presence in the USA and gain momentum in New Zealand, Australia and Singapore.
	The Company continues to progress commercial negotiations with targeted large scale health providers in the US to add to the roster of payors.
	We continue to access additional sources of income in the form of R&D grants in New Zealand and Australia which supports our cost of research and development activities.
Foreign exchange losses	The Board and management monitor these risks regularly and evaluate whether exposure can be reduced by hedging transactions.
	A natural hedge exists with the USA generated revenue offsetting USA costs.
Health and safety – work-related injuries or illness	The Company places great emphasis on the health and safety of our people. We report our health and safety progress regularly to the Board of Directors.
Cyber security and data protection – cyber attack results in disruption to operations and/or data breach	Regular monitoring and reporting of network security, including the use of independent reviews and audits to test and identify potential risks.
	Appointment of Chief Information Officer - May 2021.
Share registry risks including lack of liquidity in the Company's shares	We are aware of the risks associated with our shares, such as low levels of liquidity, a number of large investors, high volatility in share price and external influences from investor confidence. We have an investor relations activity programme that seeks to inform both existing and potential investors about the Group.

STATUTORY INFORMATION

For the year ended 31 March 2021

DIRECTORS' INTERESTS

The company maintains an Interests Register in accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

Directors disclosed interests, or cessation of interest, in the following entities pursuant to section 140 of the Companies Act 1993 during the year ended 31 March 2021.

Director/Entity	Relationship
C. Gallaher	
Mariposa Holdings Ltd	Chairman
S. Park	
Eurogrow Potatoes Limited	Director
Focus Genetics Limited	Director
Hawkes Bay Airport Limited	Director
Hawkes Bay Airport Construction Limited	Director
National Provident Fund	Director
Rapid Response Nursing Limited	Director & Shareholder
B. Williams	
Cartherics Pty Ltd	Director & Shareholder
Pacifik Biopharma Ltd	Director & Shareholder
Cleveland Clinic	Consultant & Advisor
EngeneIC Pty Ltd	Director
A. Masfen	
Albert Nominees Limited	Director
Artemis Capital Limited	Director
Masfen Securities Limited	Director
Mill Creek Limited	Director
Pure Food Limited	Director & Sharerholder
TBL Trustees Limited	Director
TBL Holdings Limited	Director
TecTrax Limited	Director
Vesper Marine Limited	Director
Vesper Innovations Limited	Director
Windfarm Group W2 Limited	Director
A. Stove	
Rua Bioscience Limited	Director and Shareholder
TAB NZ	Director
Global Woman NZ	Chair
M. Green (Appointed 10 May 2021)	
Obsidian Capital & Advisory Limited	Director and Shareholder
Mariposa Holdings Limited	Director
Astrolab VC Investment Committee	Chair

STATUTORY INFORMATION

For the year ended 31 March 2021

DIRECTOR APPOINTMENT DATES

The dates below are the first appointment dates for all current Directors. Directors have been re-appointed at Annual Shareholder Meetings, when retiring by rotation.

C. Gallaher	1 July 2016
D. Darling	21 August 2014
A. Masfen	1 April 2008
S. Park	8 December 2018
B. Williams	1 June 2013
A. Stove	15 March 2021

Subsequent to year end, M. Green was appointed as an independent Director on 10 May 2021.

A. Stove and M. Green will retire and stand for election by shareholders at the FY21 Annual Shareholder Meeting.

DIRECTORS' SECURITY HOLDINGS

Securities in the Company in which each Director and associated person of each Director, has a relevant interest, are specified in the table below as at 31 March 2021.

Number of Equity Securities	2021	2020
D. Darling *	8,772,072	9,609,357
C. Gallaher	547,058	547,058
S. Park	55,900	51,400
B. Williams	197,127	197,127
A. Stove	5,000	-

* D. Darling has a current interest in a total of 8,772,072 equity securities, made up of 4,605,405 ordinary shares in the Company and 4,166,667 options to acquire ordinary shares in the Company.

SECURITY DEALINGS OF DIRECTORS

D. Darling received 126,798 shares in lieu of bonus and exercised 333,333 options converting these to shares during the year. D. Darling sold 964,083 shares on market during the year. D. Darling also received 750,000 share options in July 2020, and had 750,000 share options lapse September 2020.

S. Park purchased 4,500 shares on market during the year.

INFORMATION USED BY DIRECTORS

The Board of Directors received no notices from Directors wishing to use Company information received in their capacity as Directors, which would not have ordinarily been available.

INDEPENDENCE

The following Directors are considered by the Board to be independent, as defined under the NZX Main Board Listing Rules, as at 31 March 2021:
C. Gallaher; A. Masfen; S. Park; A. Stove and B. Williams.

Subsequent to year end, M. Green was appointed as an Independent Director on 10 May 2021.

The following Director is considered by the Board not to be independent:
D. Darling.

SUBSIDIARY COMPANY DIRECTORS

Section 211(2) of the Companies Act 1993 requires the company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by Directors and former Directors, and particulars of entries in the interests registers made during the year ended 31 March 2021.

STATUTORY INFORMATION

For the year ended 31 March 2021

No subsidiary has Directors who are not Directors of Pacific Edge Limited or employees of the Group. The remuneration and other benefits of such Directors are included in the Directors Remuneration section of this report and the remuneration and other benefits of employees totalling NZ$100,000 or more during the year ended 31 March 2021 are included in the relevant bandings for remuneration above.

No remuneration is paid to any Director of a subsidiary company for their position as Director of that subsidiary company.

The persons who held office as Directors of subsidiary companies at 31 March 2021 are as follows:

Pacific Edge Diagnostics New Zealand Limited	D. Darling, S. Park, A. Masfen
Pacific Edge Analytical Services Limited	D. Darling, S. Park, A. Masfen
Pacific Edge Diagnostics USA Ltd	D. Darling, C. Gallaher, J. Walker
Pacific Edge Pty Ltd	D. Darling, C. Gallaher, B. Williams
Pacific Edge Diagnostics Singapore Pte Ltd	D. Darling, B. Williams

TWENTY LARGEST EQUITY SECURITY SHAREHOLDERS AS AT 31 MAY 2021

Rank	Registered Shareholder	Number of Shares	% of Total Shares
1	New Zealand Central Securities Depository Limited	280,332,167	38.52
2	Forsyth Barr Custodians Limited	38,493,301	5.29
3	FNZ Custodians Limited	31,339,392	4.31
4	New Zealand Depository Nominee	22,070,533	3.03
5	K One W One Limited	21,116,520	2.9
6	Masfen Securities Limited	20,801,328	2.86
7	Pt Booster Investments Nominees Limited	8,577,461	1.18
8	Leveraged Equities Finance Limited	7,918,457	1.09
9	JBWERE (Nz) Nominees Limited	5,735,060	0.79
10	Henry Berry Corporation Limited	5,711,781	0.78
11	Carol Anne Edwards & Graeme Brent Ramsey	5,600,000	0.77
12	Custodial Services Limited	5,120,973	0.70
13	David Darling & Yvonne Mccallum & Independent Trustees (Tauranga) Limited	4,368,962	0.60
14	FNZ Custodians Limited	3,986,062	0.55
15	Steven Cyril Hancock & Bronwyn Hilda Hancock	3,680,000	0.51
16	FNZ Custodians Limited	3,022,405	0.42
17	Minggang Chen	3,000,000	0.41
18	Forsyth Barr Custodians Limited	2,839,000	0.39
19	Ballynagarrick Investments Limited	2,578,634	0.35
20	Custodial Services Limited	2,391,230	0.33
	Total	**478,683,266**	**65.78**

PACIFIC EDGE LIMITED ANNUAL REPORT 2021

STATUTORY INFORMATION

For the year ended 31 March 2021

SHAREHOLDERS HELD THROUGH NZCSD AS AT 31 MAY 2021

New Zealand Central Securities Depository Limited (NZCSD) provides a custodian depository service that allows electronic trading of securities to its members and does not have a beneficial interest in these shares. As at 31 May 2021, the ten largest shareholdings in the company held through NZCSD were:

Rank	Registered Shareholder	Number of Shares	% of Total Shares in the Company
1	HSBC NOMINEES (NEW ZEALAND)	74,118,832	10.18
2	CITIBANK NOMINEES (NZ) LTD	42,580,836	5.85
3	TEA CUSTODIANS LIMITED	34,721,050	4.77
4	PREMIER NOMINEES LIMITED	24,900,434	3.42
5	BNP PARIBAS NOMINEES NZ	22,574,009	3.10
6	ACCIDENT COMPENSATION	20,293,462	2.79
7	JPMORGAN CHASE BANK	13,391,644	1.84
8	PRIVATE NOMINEES LIMITED	10,734,654	1.47
9	COGENT NOMINEES LIMITED	10,051,231	1.38
10	COGENT NOMINEES (NZ) LIMITED	7,690,730	1.06
	Total	**261,056,882**	**35.87**

SPREAD OF SECUITY HOLDERS AS AT 31 MAY 2021

	No. of Ordinary Security Holders	% of Issued Capital
1 – 1,000	818	0.07%
1,001 – 5,000	2,089	0.85%
5,001 – 10,000	1,276	1.38%
10,001 – 50,000	2,082	6.71%
50,001 – 100,000	475	4.89%
Greater than 100,001	508	86.10%
Total Security Holders	**7,248**	**100.00%**

STATUTORY INFORMATION

For the year ended 31 March 2021

SUBSTANTIAL PRODUCT HOLDERS

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. These substantial product holders are shareholders who have a relevant interest of 5% or more of a class of quoted voting products of the Company.

As at 31 March 2021, details of the substantial product holders of the Company and their relevant interests in the Company's Shares are as follows:

Name of Substantial Product Holder	Number of Ordinary Voting Securities as at 31 March 2021	% of Issued Capital
Harbour Asset Management Limited and Jarden Securities Limited	106,074,877	14.55%
Salt Funds Management Limited	78,215,050	10.75%
Westpac Banking Corporation (Guardian Nominees No.2 Limited and BT Funds Management (NZ) Limited*	67,281,040	9.24%
ANZ New Zealand Investments Limited, ANZ Bank New Zealand Limited and ANZ	37,219,305	5.14%

*Securities held at 31 March 2021 not available; Disclosure date for this holding is 18 June 2021.

DONATIONS

The Group made no donations during the year.

CREDIT RATING

The Company currently does not have a credit rating.

WAIVERS FROM NZX LISTING RULES

No waivers were granted by NZX during the 12 month period ended 31 March 2021.

EXERCISE OF NZX POWERS (LISTING RULE 9.9.3)

NZX did not exercise its powers during the year under Listing Rule 9.9.3.

GLOSSARY

Biomarker: A characteristic that is objectively measured and evaluated as an indicator of normal biologic or pathogenic processes or pharmacological responses to a therapeutic intervention.

Clinical Laboratory Improvement Amendments (CLIA): Regulate laboratory testing and require clinical laboratories to be certificated by their state as well as the Centers for Medicare and Medicaid Services (CMS) before they can accept human samples for diagnostic testing.

Clinical Trial: A single statistically significant trial for patients with disease. The results of the trial provide performance statistics for the test and are written up and published in a peer reviewed journal.

CMS: Centers for Medicare and Medicaid Services: The Federal program which helps pay health care costs for people 65 and older and for certain people under 65 with long-term disabilities.

Company: Pacific Edge Limited.

CPT Codes: Current Procedural Terminology (CPT) is a medical code, assigned by the American Medical Association, that is used to communicate uniform information about medical, surgical, and diagnostic procedures and services to entities such as physicians, health insurance companies and accreditation organisations.

CT: Commercial Tests are those tests for which the Company is actively seeking reimbursement and cash receipts, and tests performed at no charge in order to gain new customers.

Cystoscopy: This is the use of a scope (cystoscope) which is inserted through the urethra to examine the bladder.

District Health Boards (DHBs): Government funded, public healthcare providers in New Zealand, responsible for ensuring the provision of health and disability services to populations within a defined geographical area.

Group: The Company together with its subsidiaries.

Haematuria/Hematuria: The presence of red blood cells in the urine and a key indicator of bladder cancer.

Health care provider: An individual or an institution who is authorised by the State and performing within the scope of their practice as devined by state law that provides preventive, curative, promotional or rehabilitative health care services in a systematic way to individuals, families, or communities.

Listing Rules: NZX Main Board Listing Rules.

Local Coverage Determination (LCD): A decision by a Medicare Administrative Contractor (MAC) whether to cover a particular service on a MAC-wide, basis.

Medicaid: A program administered at the state level, which provides medical assistance to the needy. Families with dependent children, the aged, blind, and disabled who are in financial need are eligible for Medicaid. It may be known by different names in different states.

Molecular Diagnostics: Diagnostics based on genetic and epigenetic information.

Monitoring: The tracing of potential recurrence or assessment of progression of a disease.

PCP: Prior comparative period.

Recurrence: Disease return following medical intervention.

Reimbursement: To make repayment to for expense or loss incurred.

TLT: Total Laboratory Throughput includes commercial tests and non-commercial tests related to customer's start-up User Programme.

Urologist: Specialist physicians for urological diseases and disorders.

Urothelial Cancer/Carcinoma: Urothelial cancer includes bladder cancer and cancers of the upper urinary tract.

User Programme: Formal evaluation programme that allows a physician, group practice, institution, or healthcare system to evaluate the performance of a new product or technology.

Veterans Administration (VA): An agency of the federal government which provides a variety of services for United States veterans.

Validation: Establishing documented evidence that a process or system, when operated within established parameters, can perform effectively and reproducibly and meet its predetermined specifications and quality attributes.

COMPANY DIRECTORY

As at 31 March 2021

Issued Capital
727,779,398 Ordinary Shares

Registered Office
Anderson Lloyd
Level 10, Otago House
Cnr Moray Place and Princes Street
Dunedin

Directors
C. Gallaher – Chairman
D. Darling
A. Masfen
S. Park
B. Williams
A. Stove (appointed 15 March 2021)
M. Green (appointed 10 May 2021)
D. Levison (ceased 19 November 2020)

Chief Executive Officer
David Darling

Nature of Business
Research, develop and commercialise new diagnostic and prognostic tools for the early detection and management of cancers.

Auditors
PricewaterhouseCoopers
Dunedin

Bankers
Bank of New Zealand
Dunedin

ANZ
Dunedin

Heartland Bank
Dunedin

Solicitors
Anderson Lloyd
Level 10, Otago House
Cnr Moray Place and Princes Street
Dunedin

Securities Registrar
Link Market Services Limited
138 Tancred Street
Ashburton

Company Number
1119032

Date of Incorporation
27th February 2001

PACIFIC EDGE COMMUNICATIONS

Websites
www.pacificedgedx.com
www.cxbladder.com
www.bladdercancer.me

Facebook
www.facebook.com/PacificEdgeLtd
www.facebook.com/Cxbladder

Twitter
@PacificEdgeLtd
@Cxbladder

LinkedIn
www.linkedin.com/company/pacific-edge-ltd

PACIFIC EDGE LTD
CANCER DIAGNOSTICS COMPANY

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